

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Tuesday, January 6, 1998

No. 35,721

TODAY'S
STYLE

THE CHALLENGE OF '98 Coping With Globalization

U.S. Booms Along, Shadowed by Nervousness

By Louis Uchitelle
New York Times Service

NEW YORK — So far, the Asian financial crisis has hit Boeing Co. with all the force of a wispy feather. An Indonesian airline delayed delivery of three planes for less than a week, and some Asian airlines have talked about giving up options to buy new jets. But not one actual order has been canceled, and the Boeing assembly lines are straining to keep up with demand.

Behind that picture of good fortune, however, is a disquieting fear. Nearly one-third of Boeing's backlog of orders are from Asian airlines. If they began to cancel, Boeing would be in trouble.



The U.S. economy, like so many of its premier companies, is in a similar position. There is plenty to celebrate, but the boom is precarious.

The odds are that the economic expansion that began in 1991 will last at least another year, becoming, by December, the second-longest period of uninterrupted growth in half a century, trailing only the 1960s. All 52 forecasters surveyed monthly by Blue Chip Economic Indicators expect 1998 to be another year of growth.

But the Asian crisis has raised some alarms. There are other threats—a consumer debt crisis, a sharp decline in stock prices, a punishing trade deficit. Unemployment could rise if corporate profits shrank, bringing fresh cost-cutting and layoffs. Some experts even raise the specter of deflation, which could pull down incomes as well as prices, leaving many Americans without enough money to pay off their debts.

All of this sounds unduly pessimistic today, as the good times continue to roll. But rarely since World War II have so many scary images infiltrated the forecasts. Even the optimists struggle with them.

"People are talking of the domino effect: If Korea and Japan are down, who are we in America to think that our economy can grow, anyway?" said Stephen Roach, chief economist at Morgan Stanley, Dean Witter, Discover & Co. "I hear that line all the time, and I totally reject it. Over the last two years, the

See BOOM, Page 7

Asian Currencies Fall to New Depths

Thais, Facing a Deterioration, Seek Review of IMF Conditions

By Thomas Crampton
International Herald Tribune

BANGKOK — Southeast Asia's currencies began the New Year with a plunge as the region's economic crisis showed no signs of abating, and Thailand announced that it would be forced to revise its International Monetary Fund bailout.

Prime Minister Chuan Leekpai said Monday that Thailand would not be able

George Soros said he was weighing investments in Korea. Page 13.

to produce a budget surplus, as required by the \$17.2 billion IMF bailout package that was negotiated in August before the economy had taken a more serious fall.

"The premises on which the terms were based have changed," Mr. Chuan said.

The original package was based on the projection that the baht would stabilize at around 32 baht to the dollar and that the economy would grow by 2.5 percent in 1997. The baht on Monday briefly went beyond 50 to the dollar, and the government has estimated that growth in the year just ended will be just 0.3 percent.

Competitive devaluations of currencies in neighboring countries and capital flight from Asia also made the changes necessary, Finance Minister Tarrin Ninnasabaminda said.

"This is not a renegotiation. A renegotiation means to take the easy way out," Mr. Tarrin said. "This is a review by mutual consent that takes into account changes in the situation."

On Monday, the bleak regional economic news continued, with the currencies of Indonesia, Malaysia and Thailand all hitting lows against the dollar during trading.

The Indonesian rupiah, which has lost more than 63 percent of its value against the dollar since July, fell 5.6 percent to close in local trading at 6,700 rupiah to the dollar, while the Thai baht momentarily slipped beyond 50 baht to the dollar but closed at 49.85.

Currency traders said that the regional decline Monday was brought on by continued wariness of the region combined with the dollar's strengthening against the yen.

The fall has been accelerated by exporters delaying repatriation of funds earned overseas and companies being forced to exchange local currency for dollars to repay overseas debts.

"One month ago I said things would be on track by now," said the head regional economist for a major institution, requesting anonymity. "What we are seeing, however, is a paradigm shift in expectations for the entire region."

"We economists are paid to give prognostications about what is happening," he said. "But I have been completely



Finance Minister Tarrin speaking to the press Monday in Bangkok.

Dollar Soars As Investors Seek Safety

Asia Turmoil Causes Fears of Falling Prices

By Mitchell Martin
International Herald Tribune

NEW YORK — Investors around the world piled into the dollar and the American bond market on Monday, opting for the perceived safety of U.S. assets at a time of increasing global concern about falling prices, analysts said.

"The whole deflation issue was given the official seal of approval as a legitimate topic by Fed Chairman Alan Greenspan in the speech he gave in Chicago on Jan. 3," said Ed Yardeni, chief economist at Deutsche Morgan Grenfell. "I haven't had a chance to count how many times the word deflation was mentioned in his speech, but he kept hitting it at it."

In fact, the word appeared 17 times in the text of the speech to American Economic Association and American Finance Association that the Federal Reserve Board posted on its Internet site, although Mr. Greenspan said he did not consider deflation to be "a significant near-term risk" for the U.S. economy.

Mr. Yardeni has been warning about deflation for months, and after the Asian crisis that began this summer, the view has been gaining adherents. While some Asian countries' currencies have collapsed, the costs of those countries' exports in dollar terms have plunged, putting pressure on competitors around the world. The countries with weak economies and currencies also are forced to reduce their imports, limiting markets for exporters from other countries.

The pricing pressures have been growing since October, when the Asian contagion began moving to some of the bigger centers, notably Japan and South Korea, according to William Sullivan, chief money-market economist at Morgan Stanley, Dean Witter.

Indeed, the yen was notably weak on Monday. The dollar rose in New York to 133.565 yen on Monday, from 132.295 yen on Friday. The South Korean won also weakened, with the dollar rising to 1,650 won in Seoul, up from 1,600 won on Friday and 841 at the start of 1997.

The dollar also strengthened against the main European currencies. It rose to 1.8256 Deutsche marks from 1.8035 DM. Mr. Yardeni said the appetite for dollars reflected a "flight to quality," adding, "there are a lot more uncertainties in Europe than in the United

See DOLLAR, Page 14

Will Japan Drag Itself Out of the Doldrums?

By Clay Chandler
Washington Post Service

TOKYO — Japan's economy, the world's second largest, is barely growing, its stock and real-estate markets are in the cellar and its banks are buried in bad loans. Consumer confidence is faltering, corporate bankruptcies are at record levels and the jobless rate is creeping to a post-World War II high.

And, just as in 1990, prospects for recovery are murky.

On Monday, Tokyo stocks fell almost 2 percent as investors registered their pessimism that the economy would turn around, and the auto industry reported its first annual decline in sales in four years.

Financial crises elsewhere in Asia have prompted investors and government officials around the world to wonder whether the giant Japanese economy, too, might be in danger of collapse. That possibility cannot be ruled out, but the more likely scenario is that the former vigor of Japan's economy will pass with a whimper, not a bang.

The real risk for Japan, some analysts argue, is not that its economic difficulties are so severe, but that they are not severe enough. Short of a genuine calamity, the pessimists say, policymakers will see no reason to reassess the centrally guided model on which they have relied since World War II.

That model—characterized by cozy alliances between government and industry, shadowy accounting rules, carefully ordered labor markets, special protections for producers and heavy reliance on banks rather than the equity markets for corporate financing—worked spectacularly when Tokyo was struggling to rebuild its war-torn economy and catch up to U.S. companies.

But now Japan's prolonged stagnation casts a cloud over the world economy that is perhaps more ominous than the blowups elsewhere in Asia. Japan's economy is seven times the size of China's, and its gross domestic product accounts for nearly 75 percent of the total output of all the countries in East Asia.

American financial institutions in



In Seoul, clients of a failed bank clamoring to withdraw their assets Monday. The crisis is forcing Koreans to rethink their ways. Page 15.

particular have developed a dense web of relationships and contractual obligations in Japan, while their connections in the rest of Asia remain relatively tenuous.

And for U.S. exporters, even a tiny

piece of the Japanese market is worth more than a big chunk of markets elsewhere in the region. Many analysts expect Japan's GDP growth to come in

See JAPAN, Page 15

AGENDA

Indonesia Crowds Battle the Police

More than 1,000 people rampaged through the center of the city of Bandung in West Java Province on Monday after the Indonesian government tried to close down illegal street vendors, the police said.

Witnesses said rocks smashed windows of a supermarket and other stores, many of them owned by members of the country's ethnic Chinese minority. Page 4.

Arab Ministers Act To Block Terrorists

TUNIS (AFP) — Arab interior ministers meeting here Monday adopted an accord aimed primarily at stepping up the fight against Islamic fundamentalist movements in the Arab world.

The accord aims to "tighten security controls to prevent terrorist elements crossing borders between Arab states."

The Dollar			
	Monday @ 4 P.M.	previous close	
New York	1.8256	1.8035	
DM	1.8295	1.8455	
Pound	1.8295	1.8455	
Yen	133.565	132.295	
FF	6.1095	6.0346	

The Dow			
	Monday close	previous close	
Dow Jones	7978.99	7965.04	
S&P 500	7978.99	7965.04	
Nasdaq	2208	2177.08	

Newsstand Prices			
Bahrain	1,000 BD	Malta	56 c
Cyprus	C £ 1.00	Nigeria	12800 Naira
Denmark	14.00 DKr	Oman	1,250 QR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.85	Rep. Ireland	£ 1.00
Great Britain	£ 0.80	Saudi Arabia	£ 1.00
Egypt	£ 5.50	S. Africa	£ 12.00
France	1,250 JD	U.A.E.	10.00 Dh
Germany	£ 1.20	U.S. M.L.	£ 1.20
India	700 Rs	Zimbabwe	£ 240.00

A Bigger NATO's Worry: Spy Agencies

Some in Alliance Ask if Secret Services of Ex-East Bloc Can Be Trusted

By Jane Perlez
New York Times Service

WARSAW — As NATO membership for three Central European nations draws closer, officials in Washington and Western Europe are scrambling to deal with one of the most sensitive aspects of the alliance's expansion: the trustworthiness of intelligence agencies in the former Soviet-bloc countries.

A basic question facing the Clinton administration as it pushed for the enlargement of NATO was whether the spy agencies in Poland, the Czech Republic and Hungary, which until eight years ago served Moscow, could be trusted to keep secrets.

U.S. officials say they concluded that

there had been enough housecleaning of the three former Warsaw Pact intelligence agencies and enough distance since the end of communism to ensure reliability.

But for others in Washington, at NATO headquarters in Brussels, and for some officials in Warsaw and Budapest, the conclusions are not so cut and dried.

Because of its confidence, the Clinton administration rejected proposals to create an extra layer of screening for the people who will be sent by the three countries to NATO headquarters, NATO and U.S. officials said.

"The bottom line is that because they know the Russians, they are savvy about the hostile Russian threat, which is still

there," a senior official at the center of NATO policy in Washington said of the Central European countries. "It's not the case of, 'Oh God, they're riddled with KGB agents; you can't share anything with them.'"

The official said the selling of secrets was a danger in any intelligence service. Asked if the risk was higher in Central Europe, he said, "The bottom line is that professionals in counterintelligence say absolutely not."

But some Western officials fear that the United States has bent over backward to treat the newcomers as equal partners, planning to share sensitive information with them in the same way it

See NATO, Page 6

A Jubilant Netanyahu Wins Battle Over Budget

By Serge Schmemmann
New York Times Service

JERUSALEM — Prime Minister Benjamin Netanyahu on Monday handily cleared his first parliamentary challenge since the resignation of Foreign Minister David Levy, winning approval for his 1998 budget by a vote of 58 to 52.

"They've eulogized me at least 18 times in the last 18 months—and look, I'm still here," a buoyant Mr. Netanyahu declared when the 207-billion-shekel (\$57.7 billion) budget sailed through hours earlier than expected.

Mr. Levy, who sat in the cafeteria for most of the debate and procedural voting, joined four members of his Geshar faction in voting against the budget. Only one member of Mr. Netanyahu's remaining coalition, the former Science Minister Benny Begin, voted against the government, but his vote was offset by a Labor member who accidentally voted "yes."

The budget victory, however, did not amount to an "all clear" for the prime minister's struggling coalition. A new battle looms with the arrival of the U.S. mediator for the Middle East, Dennis Ross, who was expected Tuesday to start preparations for Mr. Netanyahu's meeting with President Bill Clinton in Washington on Jan. 20.

In the intervening two weeks, Mr. Netanyahu is supposed to win approval from his cabinet for a further withdrawal from the West Bank, which Washington reportedly expects to be in the range of 12 to 15 percent. Resolute nationalists in the coalition, most notably the National Religious Party, have vowed to battle any withdrawal, while the centrist Third Way party has threatened to leave the government if

it fails to approve a credible pullback.

With Mr. Netanyahu now in command of only 61 votes in the 120-seat Knesset, any further defection would be tantamount to the collapse of the government, and subsequent elections.

That possibility dominated political speculation across Israel.

"Every Knesset member now becomes a king, and Netanyahu the servant of all his masters," wrote Yossi Venter in the liberal newspaper Ha'aretz, referring to Mr. Netanyahu's slim margin in a Parliament and a government riddled with dissension.

But there were also analysts who began arguing that the prime minister could capitalize on the situation and call elections himself, thus seizing the ad-

See ISRAEL, Page 6



Round-the-World Balloon Attempt Fails

Steve Fossett smiling on Monday after he landed his craft safely near the Black Sea in Russia. He managed to fly about a third of the way around the world before he was stymied by weak winds, low fuel and equipment problems. Page 5.

Forget James Bond: The New Interpol Is the Real Thing

By Jack Nelson
Los Angeles Times Service

LYON — When police in Luxembourg arrested a Nigerian national suspected of trafficking in heroin from Thailand last year, they believed they had a workaday case of small-time smuggling. Purely as a matter of routine, they passed the information along to Interpol headquarters here.

Interpol analysts put the report together with data from other sources, and an unexpected picture snapped into focus: a huge drug ring operating in more than 30 countries across Africa, Central America, Asia, Europe and North America.

Acting on Interpol's evidence, the police arrested additional suspects, including a Nigerian drug lord

now awaiting trial in Denmark. Interpol's work, moreover, provided new material for an investigation of what a U.S. law enforcement agent describes as the drug world's hottest and most successful new method of distributing its products: the international postal system.

"They are smuggling through the mail such amounts as 500 grams at a time," the U.S. agent said. "Small, compared with the huge amounts the cartels are used to shipping at one time, but altogether, tons and tons are being mailed."

Key to Interpol's success in the Luxembourg case were its vast computer data base and its ability to link seemingly unrelated suspects from airline flight records, telephone numbers, criminal records and code names.

Such sophisticated crime detection may be just what most Americans would expect from an international law enforcement agency that gave rise to "The Man From Interpol," the James Bond-style television series that began in the 1960s.

For most of Interpol's history, however, the reality has been far different.

Until relatively recently, Interpol—or, formally, the International Criminal Police Organization—was best known among law enforcement experts for its outdated technology, labyrinthine bureaucracy and unreliable protection of sensitive intelligence information.

"Frankly, it was embarrassing and not quite rel-

See INTERPOL, Page 5

A Nation's Identity Debated / Monument to the Millennium

What's in a Dome? That Is Britain's Question

By Tom Buerkle
International Herald Tribune

LONDON — The ring of giant steel masts soars above the banks of the River Thames like the superstructure of a futuristic building, or a massive theme-park attraction. Just which it will turn out to be, or whether the project is merely Britain's biggest white elephant, is a matter of increasingly fevered debate here.

The 100-meter masts will support the Millennium Dome, Britain's showcase for ringing in the year 2000. And like much of the hype surrounding the approach of the millennium itself, the dome is nothing if not oversized.

The £758 million (\$1.27 billion) building is the biggest single construction project in Europe, and the most ambitious effort by any government anywhere in the world to celebrate the turn of the century. The Teflon-coated dome will be the largest structure of its kind, twice the size of Wembley Stadium in London or the Georgia Dome in Atlanta.

The project also boasts the talents of some of Britain's leading creative figures. The dome is designed by the architect Richard Rogers, who created the Pompidou Center in Paris, while the exhibition inside, billed as a multimedia experience about the nature of time and the way Britons will live in the 21st century, is expected to include contributions from artists like David Hockney and Damien Hirst, and the theatrical producer Sir Cameron Mackintosh.

But the project's colossal physical and financial dimensions, and a thick veil of secrecy over just what attractions will make up the exhibition, have made the dome a target of criticism, ridicule and wild speculation.

While the dome is intended to extol British achievement and innovation to the world, the debate over the exhibition's content has revealed sharp disagreement over the nation's very identity.

Peter Mandelson, the minister without portfolio who is supervising the project, told the House of Commons Culture Committee last month that the dome was "already coming to symbolize an innovative, dynamic, assertive and self-confident Britain."

For many critics, that sort of talk suggests that Mr. Mandelson is intent on using the dome to further the Labour government's re-branding of the country as a hip place freed from its traditions, a kind of festival of cool Britannia.

The Daily Telegraph recently bemoaned reports that the dome will have no Union Jacks flying, and apparently no exploration of the country's Christian tradition, despite the fact that the project marks the year 2000.

"The dome is empty," the newspaper said in an editorial. "It stands for the vacuum of a civilization that has lost the understanding of what makes it civilized."

For all of the polemic, there is a broad consensus here that Britain should mark the year 2000 with an ambitious, national project. The country still re-

gards itself as the global keeper of time because of the meridian of zero longitude that runs through the southeast London borough of Greenwich, where the dome is located. The meridian graces the edge of the site but not the dome itself.

"The millennium is not just an arbitrary collection of digits, but a moment in time which has meaning not only for Christians but for everybody," the Commons Culture Committee said in a recent report. "It provides a great opportunity for a national celebration."

This is, after all, a country that likes to throw a party now and then. Britain staged the Great Exhibition of 1851 to tout the country's industrial prowess. One century later, the 1951 Festival of Britain celebrated the country's recovery from World War II. Britain also can afford a big blowout thanks to the largesse generated by the national lottery, which will cover up to £449 million of the dome's costs. The rest is supposed to be paid for by corporate sponsorships, ticket sales and millennium merchandise.

And the dome isn't all. The country plans to spend more than £3 billion on a host of millennium

The U.S. government has no plans for a major millennium event, although New York City is hoping to attract a larger-than-usual crowd to Times Square.

The Greenwich dome, conceived by the previous Conservative government, was nearly written off as an extravagance by the new Labour government of Prime Minister Tony Blair, and the project still sits uneasily with some Labour supporters at a time when their government is cutting welfare benefits to single mothers. But Mr. Mandelson, whose grandfather organized the 1951 festival, relunched the project in June with supposedly clearer goals and a strengthened management team.

He told the Commons Culture Committee last month that the exhibition would explore three broad themes: who we are, what we do, and where we live. He said plans included one exhibit called "Qualify for 20 jobs you never knew existed," while another would provide an opportunity to "Play at Surfball: the new 21st century sport." But Mr. Mandelson later fueled speculation that exhibit plans remained sketchy by spending last weekend at Disney World in Orlando, Florida, and then suggesting that the dome's centerpiece attraction might be a town square modeled after the Magic Kingdom's Main Street, U.S.A.

So far, the hints have failed to impress. "The structure has great power, even in skeletal form, to excite and inspire," the culture committee said in its report on the dome. But the Millennium Experience, as the attraction will be called, "is not so much a journey through time as, at any rate for those of us not made privy to the plans, a journey into the unknown."

Executives at the New Millennium Experience Co., the government-owned body that will design and operate the dome, insist that secrecy is essential to building public suspense and excitement about the project, and winning corporate sponsors.

Six companies have already signed on, led by British Airways, and company officials hope to announce more sponsors and exhibition details in February.

The project also has come in for criticism on a more practical level. Keith Bales, who has helped design attractions for Walt Disney Co., said none of the Millennium Experience directors had "ever run, managed, designed or promoted in any way whatsoever a major international leisure attraction." He also expressed doubt that the organizers would be able to accommodate the 12 million visitors expected at the dome in 2000, which rivals the 12.6 million annual visitors to Disneyland Paris.

Simon Jenkins, a Millennium Experience director and former editor of The Times, dismisses the criticisms as the same type of "relentless, cynical preamble" that preceded the exhibitions of 1851 and 1951.

Such events, he told the Commons committee, were "hated, loathed and despised in advance, but as soon as they open, they are great, seminal cultural events."



The colossal scope of the Millennium Dome, being built on the edge of London's Docklands district, has made the project a target of criticism, ridicule and speculation.

projects including a giant Ferris wheel to be sited across the Thames from Parliament, a new branch of the Tate Gallery in London, the world's largest greenhouse in Cornwall and an Earth Center for environmental research in Doncaster.

"There is an almost overwhelming amount of cultural change and investment," said David Quarby, a director of the Millennium Dome and head of the British Tourist Authority. His agency expects millennium attractions to generate an extra £1 billion in spending by foreign tourists in 2000.

BRITAIN'S ambitions dwarf the plans of most of its rivals. While the French government has budgeted up to 800 million francs (\$132.6 million) for millennium festivities, Paris authorities were ridiculed in early December when they announced preliminary plans that included a giant egg descending the Eiffel Tower. Germany will hold Expo 2000 at the industrial fairground in Hannover, but that event is more about Germany's first attempt at holding a world's fair than a celebration of the millennium.

U.S. Will Test 2 Systems To Detect Turbulence

By Matthew L. Wald
New York Times Service

WASHINGTON — To the U.S. Federal Aviation Administration, the problem seems almost insurmountable: Every year, a dozen or so airplanes hit turbulence so severe that passengers and flight attendants suffer broken bones, concussions and, once in a while, as on a United Airlines flight from Tokyo on Dec. 28, death.

Two tiny companies, though, say they think they have solutions for detecting these invisible potholes in the sky, using remote sensing technologies.

Both technologies began in the Pentagon as better ways to kill people. By using lasers to find rapid movements in air, researchers believed they could help detect enemy ships and planes and improve the accuracy of bombs. With help from the Federal Aviation Administration and the National Aeronautics and Space Administration, both systems will be tested beginning early this year.

Turbulence associated with thunderstorms is easy to spot, but the main technique for detecting clear air turbulence has always been to fly right into it. Eager to reduce the casualty toll, the pilots turn on a bump, or the first report from another airplane, but they do this so often that passengers disregard the warnings, and most injuries come when the seat-belt light is already on.

"For years, the No. 1 causal factor for injuries to passengers on commercial airlines has been clear air turbulence," said Clifford Hay, a program manager at the aviation agency who is in charge of one of the new research efforts. It will get a first test at Kennedy International Airport in New York this month or next.

A more advanced laser effort will be tested aloft in April. It is from Coherent Technologies of Boulder, Colorado. After 14 years of research, financed in part by \$30 million from the Pentagon, Coherent Technologies has a new kind of detector that it believes will sense the movement of air miles ahead, providing time for a pilot to take evasive action, or at least issue a more authoritative warning to passengers and the cabin crew.

"The most conscientious pilot in the world, if he doesn't have good information, can't do a very good job of controlling the seat-belt light," said Rodney Bogue, a staff scientist at NASA's Dryden Flight Research Center, in Edwards, California, which has sponsored some of Coherent Technologies' work.

A light that turned on only when there was significant turbulence, Mr. Bogue said, would "go a long way to make believers out of people" and would prompt passengers to buckle up.

The Coherent Technologies system is called LIDAR, for Light Detection and Ranging. ("Radar" stands for Radio Detection and Ranging.) It sends out a laser beam 2 to 4 inches (5 to 10 centimeters) wide. A patented electronic device switches a gate open and shut to create pulses 50 yards (46 meters) long, at a rate of 150 to 200 pulses a second. Air cannot reflect laser signals, but tiny particles suspended in the air can, and the system measures the reflected laser light.

Detecting such tiny particles requires a very short wavelength. For example, the aviation agency's radars operate at a wavelength of 2 meters, or about 6 feet, and can see a solid object as small as a foot in diameter. LIDAR uses infrared, which is one one-millionth as long as agency radar wavelengths.

The system uses low power levels, so the laser cannot blind other pilots, but the major question is how far ahead the system can see. Paul Revely, market-
ing manager at the company, said scientists believed it would be 6 to 10 miles. "It should be able to provide a pilot with somewhere in the neighborhood of 30 seconds of advance warning of some sort of turbulence event ahead, and a direct measure of how severe it would be," he said.

By sensing air movements ahead, the system would also help pilots identify nearby altitudes with better tailwind, less head wind, the company believes.

Both will use laser technology — one to measure reflected light to sense air movement, the other, a "virtual microphone," to listen for the sound of turbulence.

and in the intensely competitive aviation industry, would be adopted as a fuel-saving measure.

A second approach, sponsored by the Federal Aviation Administration and overseen by Mr. Hay, is to use lasers to make a "virtual microphone," to listen for the sound of turbulence or airplane wakes. A regular microphone uses a membrane that vibrates in response to sound waves; this one will use a laser beam 100 yards long to detect passing sounds by measuring the sudden changes in air density. The laser beam travels more slowly through denser air.

Using several beams at different locations around the airport and noting the time at which the sound arrives at each, a computer can calculate the direction and distance to the source.

The system, called Socrates, will be tested at Kennedy Airport. The effort is led by a private company founded six months ago, Flight Safety Technologies of New London, Connecticut, using methods perfected by the navy for submarine use.

Samuel Kovnat, a physicist who is chairman and chief executive of Flight Safety Technologies, said the experiments will develop a "voiceprint" for all the sounds the beam will hear, by listening for different frequencies. An early goal is to distinguish the sounds of jet engines, air rushing over the wings, airplane brakes and turbulence in airplane wakes.

If the ground-based system can be made to work, engineers plan a flying version that would send lasers out to sense sound vibrations a few hundred feet from the airplane. They would sense sound by measuring particles in the air as they vibrated.

Speaking of the Socrates system, Mr. Hay said, "They've had some good initial results on this, and they've got it very interesting."

Western Europe Begins to Clean Up

LONDON — Western Europe began cleaning up Monday and counting the cost of weekend storms that claimed several lives and caused severe damage during the highest winds in a decade.

Hurricane-speed gusts that battered Britain claimed a second life Monday when an elderly woman died in the Welsh capital, Cardiff, after being struck on the head by a large umbrella blown from a flower stall.

On Sunday, a man in his 60s was killed when a tree fell on his car in the rural county of Staffordshire.

Insurers were braced for an avalanche of claims and the final bill is likely to run into tens of millions of pounds, according to industry experts. Ten years ago the cost to the industry was £1.6 billion (\$2.6 billion).

Engineers battled to restore power to homes. In South Wales, one of the worst hit areas, the power company reconnected over 50,000 homes but 3,000 more were still without power.

Irish ferry services returned to normal, bringing home thousands of vacationers stranded by the fierce gales, snow and rain over New Year. Storms were expected to continue in Ireland.

Storms abated in western France on Monday, allowing ships to evacuate hundreds of tourists stranded on islands off Brittany. Shipping resumed to the islands of Ouessant and Groix despite

continuing strong winds, but the island of Sein was still cut off.

Germany was calm Monday, but a 16-year-old youth died near Stuttgart during the weekend after his moped crashed into a tree blown across a road.

In northern Spain, winds died down and avalanche warnings in the Pyrenees were downgraded to "weak," officials said.

In Switzerland, high winds blew a 60-meter-wide crane weighing 200 metric tons off its tracks at the Rhine river port in Basel.

Romania escaped the winds, but its Black Sea ports reopened Monday after being closed for two days because of fog, a port official said.

TRAVEL UPDATE

Long Line for Diana Tomb Tickets

LONDON (AFP) — A 24-hour telephone hotline to take reservations for visits to the grave of Diana, Princess of Wales, was jammed within an hour of opening Monday, organizers said.

More than 200 telephone operators were working to cope with the huge demand for tickets to her family home, Althorp Park in central England, where she is buried on an island in an ornamental lake. Tickets cost £9.50 (\$15).

Pollution caused by forest fires in Indonesia was a boon to Sri Lanka's tourist industry, officials said Monday in Colombo. More than 327,000 tourists visited the Indian Ocean island in the first 11 months of 1997, an increase of 22.8 percent over the same period in 1996. Figures for December were not available.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.



Legend: country, partly cloudy, c-cloudy, showers, thunderstorms, rain, at-sea waves.
Map, forecasts and data provided by AccuWeather, Inc. 02/05/98 - http://www.accuweather.com

North America: Cold air will be sinking south from Canada into the northern Plains and northern Rockies Wednesday through Friday. A storm will cause light rains for Louisiana, Mississippi and Alabama. Heavy rain and strong winds will be locally heavy rain. Delays the rule across northern Florida and the Low Country Wednesday through Thursday.

Europe: The recent pattern of lighter clouds much of Asia for the period Wednesday through Friday. A storm will bring rain and wind to eastern China and Japan, resulting in light delays for Shanghai, Osaka and Tokyo. It will be cooler in the Philippines and Indonesia. No major tropical storms or typhoons are forecast for the tropics.

Asia: The recent pattern of lighter clouds much of Asia for the period Wednesday through Friday. A storm will bring rain and wind to eastern China and Japan, resulting in light delays for Shanghai, Osaka and Tokyo. It will be cooler in the Philippines and Indonesia. No major tropical storms or typhoons are forecast for the tropics.

Latin America: The recent pattern of lighter clouds much of Latin America for the period Wednesday through Friday. A storm will bring rain and wind to eastern China and Japan, resulting in light delays for Shanghai, Osaka and Tokyo. It will be cooler in the Philippines and Indonesia. No major tropical storms or typhoons are forecast for the tropics.

Oceania: The recent pattern of lighter clouds much of Oceania for the period Wednesday through Friday. A storm will bring rain and wind to eastern China and Japan, resulting in light delays for Shanghai, Osaka and Tokyo. It will be cooler in the Philippines and Indonesia. No major tropical storms or typhoons are forecast for the tropics.

US Dollar Up or Down?
US Dollar Policy Will Generate Major Currency Moves.
These moves will directly affect the value of your portfolio. Prepare yourself to take advantage of these moves by calling today.

SUPERIOR Selection of Managed Accounts
Global Currency Analysis
EXCEPTIONAL Execution Force or Futures
MINIMUMS
COMMISSION 2.5% Spread Futures \$12.50

For My Complimentary Services, Global Market Reaction Reports, Opinions and Performance Records Call (24 hours) Toll-Free:

London 1800125344	Atlanta 8001151530	Spain 00011215153
California 800125344	Denver 8001151530	Finland 00011180044
France 800125344	Greenville 8001151530	Germany 0130828686
Hong Kong 800125344	Italy 8001151530	Japan 017301328
Japan 001125344	Korea 0011151530	Luxembourg 00154552
Mexico 800125344	Netherlands 800125344	N. Zealand 000441880
Portugal 800125344	Singapore 800125344	S. Africa 000995337
Spain 800125344	Sweden 800125344	Switzerland 000887233
Taiwan 800125344	USA 800125344	UK 000000000

US Toll-Free Line +714-376-8020 US Toll-Free Line +714-376-8025

A two-month trial subscription.
Save up to 60%

Try a special, low cost 2-month trial subscription to the International Herald Tribune to enjoy delivery to your home or office every morning AND save up to 60% off the newsstand price.

COUNTRY/CURRENCY	2 MONTHS PRICE	2 MONTHS COVER PRICE	DISCOUNT
AUSTRIA	ATF	1,450	650
BELGIUM/LUXEM.	BF	3,350	1,350
DENMARK	DKK	750	300
FINLAND	FM	625	310
FRANCE	FF	1,250	500
GERMANY	DEM	1,825	725
GREAT BRITAIN	GBP	1,250	500
HONG KONG	HKS	725	310
ITALY	ITL	145,000	50,000
JAPAN	YEN	26,000	12,500
MALAYSIA	RM	195	75
NETHERLANDS	FLG	1,250	500
NORWAY	NOK	1,250	500
SPAIN	PTAS	11,200	5,000
SWEDEN	SKR	185	75
SWITZERLAND	CHF	5	2
USA	USD	75	30

FOR OTHER COUNTRIES, PLEASE CONTACT YOUR NEAREST OFFICE

I would like to start receiving the International Herald Tribune.
☐ My check is enclosed (payable to the IHT)
 Charge my: ☐ Amex ☐ Diners ☐ VISA ☐ Access ☐ MasterCard ☐ Eurocard
 For US and Asian prices, credit cards will be charged in French Francs of current rates.

Card No. _____ Exp. Date _____
 Signature _____
 For business orders, indicate your VAT No. (JHT Vat Number FR0722021126)
 Mr/Ms/Ms Family Name _____
 First Name _____ Job Title _____
 Mailing Address _____
 City/Country _____

Country _____
 Home Tel No. _____ Business Tel No. _____
 E-Mail Address _____
 I get this copy of the IHT at: ☐ Mail ☐ hotel ☐ airline ☐ other
 I do not wish to receive information from other carefully selected companies

Mail or fax to: International Herald Tribune
 EUROPE, MIDDLE EAST & AFRICA
 181 Ave. Charles de Gaulle, 92521 Neuilly-sur-Seine, France
 Fax: +33 1 41 43 92 10 Tel: +33 1 41 43 93 61

THE AMERICAS
 850 Third Avenue, New York, NY 10022-6275, USA
 Fax: +1 212 755 8755 Tel: +1 212 755 8755

ASIA
 7/F Mody Road, 50 Gloucester Rd, Singapore
 Fax: +652 2922 1199 Tel: +652 2922 1171

E-Mail: sub@iht.com Ask: ask@iht.com Internet: www.iht.com
 Offer valid for new subscribers only.

At Trial, 'Una

New Mission to
US Craft to Prospect for

Ethiopian Convicted
Dies After a Hung

Away From Politics

A police officer was missing and his body was found in a ditch near a highway in the state of California, police said Monday. The officer was on his way to work.

A charged driver in off a highway and killed a person and injured another in a crash that police said was the result of a drunk driver.

A fire at a fertilizer plant killed two people and injured another in a crash that police said was the result of a drunk driver.

A package wrapped as a Christmas present from a person in California was found to contain a bomb.

THE AMERICAS

At Trial, 'Unabomber' Suspect Seeks to Speak

SACRAMENTO, California — The trial of Theodore Kaczynski was suspended shortly after it opened here Monday as the alleged "Unabomber" said he wanted to make a statement.

Judge Garland Burrell suspended the proceedings, summoning prosecutors and defense attorneys into his chambers to determine how to respond to Mr. Kaczynski's request to address the court.

Mr. Kaczynski met with the judge to protest his brother's presence in the courtroom and to make other demands. It was David Kaczynski who first tipped the FBI to the possibility that his brother might be the Unabomber, the anti-technology crusader who for years eluded one of the country's largest and costliest manhunt.

As Mr. Kaczynski entered the courtroom, he refused to acknowledge the presence in the front spectator row of his brother and their mother, Wanda. Tears streamed down their faces and they held their hands tightly as Mr. Kaczynski turned his back to them and sat down only a few feet away.

While David Kaczynski's tip led the FBI to Theodore Kaczynski, David has since condemned the government for its decision to seek the death penalty. The suspect's family insists that he is mentally ill.

An Associated Press source, who spoke on condition of anonymity, said Mr. Kaczynski also told Judge Burrell that he wanted to read a statement before the trial began. The source described the statement as "philosophical" in nature.

The source said Mr. Kaczynski had



Theodore Kaczynski, center, led from court after he was charged in April.

several other issues related to his lawyers that he wanted to discuss with the judge.

Mr. Kaczynski has feuded with his court-appointed lawyers, Quin Denvir and Judy Clarke, over their plan to argue that he suffers from paranoid schizophrenia. The defense no longer plans to make a mental defect claim during the trial, but may raise the issue if the case moves into the penalty phase.

The 55-year-old Harvard-educated

former math professor is accused of mailing bombs that killed two California men and faces separate murder charges in New Jersey for the murder of an advertising executive.

In all, the Unabomber is blamed for 16 attacks — which also injured 23 people between 1979 and 1995 — apparently motivated by a hatred of modern technology.

Mr. Kaczynski, who lived in a spartan Montana cabin without running water or electricity, has pleaded not guilty to the

charges. He could face the death penalty. The trial began Nov. 12 with jury selection.

"Unabomber" derives from an acronym used by federal investigators to identify their suspect, whose early targets were university professors and airline executives. (AP, AP, NYT)

Story of Brother vs. Brother

William Glaberson of The New York Times reported from Sacramento:

The story of brother turning in brother is a tale of literary dimensions that has become the central narrative of the case. Across the country it is not the prosecution's hoard of evidence but the story of a brother fighting to save the life of the brother he turned in that people mention first when they speak about the trial.

Some experts on the lure of great literature said David Kaczynski's dilemma was gripping because it involved the classic elements of important stories: questions of family loyalty, betrayal and social duty.

"It was high drama: the brother having to come to this decision," said William Kennedy, the novelist and winner of a Pulitzer Prize. "It is a kind of benevolent Cain and Abel story."

Mr. Kennedy said people seemed torn at first between praising and condemning David Kaczynski's actions, for the same reasons that informers have historically been condemned, and occasionally forgiven, in literature.

David Kaczynski's lawyer, Anthony Bisceglie, said Friday that the defendant had refused to see his younger brother not only since his arrest in 1996, but for a decade before that.

New Mission to the Moon

U.S. Craft to Prospect for Natural Resources

By Kathy Sawyer
Washington Post Service

WASHINGTON — The last time the United States decided to explore the moon site, the costs, the hardware, the stakes and the expectations were huge. This time, relatively speaking, it's all small stuff.

NASA's tiny Lunar Prospector spacecraft was poised Monday night to begin the first mission in 25 years that is dedicated solely to studying the earth's only natural satellite. At a total cost of \$63 million, \$26 million of which is for the launch, Prospector is one of the cheapest and simplest missions of its kind ever attempted — just the way the National Aeronautics and Space Administration likes them these days.

The 4.5-foot (1.4-meter) diameter craft looks something like an old-fashioned radio set with a New Age twist. It has an antenna shaped like a snow cone and a coat of solar panels in small facets of sapphire blue. It has no onboard computer, but it will be commanded from earth. It has the simplest possible propulsion system, with no pumps. At one point, U.S. scientists say, the Russians offered the lunar team a free launch aboard one of their workhorse Proton rockets, but they were shocked to learn the 660-pound (300-kilogram) Prospector would hardly amount to ballast for the big booster.

Despite its shoestring approach, however, the modest craft is part of a grand design: leading humankind back to the moon — this time on a long-term basis, Prospector scientists say. Although the spacecraft will remain in orbit, rather than landing on the surface, one of its major goals is to "prospector" for natural resources such as water-ice and "life support" gases

from the interior that could be used by future human colonists on the surface. An experimental Defense Department probe called Clementine made headlines in 1994 when it detected evidence that there might be water ice at the southern lunar pole.

"We're interested in locating resources," said Alan Binder, the planetary astronomer and geoscientist at the Lunar Research Institute in Gilroy, California, who leads the team of six Prospector scientists. "If, as I do believe, we'll have man back on the moon in the not-too-distant future, and build a base, we'll have to learn to live off the land."

A dozen men walked on the moon's surface between July 20, 1969, when Neil Armstrong became the first human to set foot there, and 1972, when the last Apollo astronauts departed. Despite a public sense that "we've been there and done that," the scientists said, the moon remains to a surprising degree an unsolved mystery. Only about a quarter of the lunar surface has been mapped in any detail, most of it around the equator, and important questions about the moon's history and internal makeup remain unanswered.

"We've only just scratched the surface of the moon," said Michael Drake, director of the Lunar and Planetary Laboratory at the University of Arizona in Tucson. He is not a member of the Prospector team.

Almost half the craft's 660-pound launch weight is fuel. As it arrives in lunar orbit about four days after launch, the craft's engines are to fire in a series of planned maneuvers to position it for mapping, 62 miles (100 kilometers) above the moon's poles, taking 118 minutes to go around once.

Death Penalty For Nichols Is Sought in Bombing Plot

The Associated Press

DENVER — Terry Nichols should be sentenced to death for the Oklahoma City bombing because he knew the 4,000-pound fertilizer-and-fuel device detonated outside the federal building would kill people, a prosecutor said Monday.

"Everyone else said 'no' to Timothy McVeigh. Terry Nichols said 'yes,'" the prosecutor, Beth Wilkinson, said in her closing arguments to the jury.

Timothy McVeigh was convicted June 2 of conspiracy and first-degree murder in the bombing. He has appealed both his conviction and death sentence.

"There are 168 consequences to his choices, 168 dead people in Oklahoma City within seconds of 9:02 A.M.," she said.

"It is because of Terry Nichols's choices that 168 people were killed," Ms. Wilkinson said that although Mr. Nichols was not in Oklahoma City on April 19, 1995, the day the explosion occurred, he is as culpable as Mr. McVeigh because he intended to use the bomb and participated in the conspiracy.

"He didn't care whether those 168 people lived or died," Ms. Wilkinson said.

The prosecutor asked the jurors to set aside emotions and base their sentencing decision on the facts of the case.

Mr. Nichols, who was home with his family in Herington, Kansas, when the bomb went off, was convicted Dec. 23 of conspiracy and involuntary manslaughter but acquitted of first-degree murder and use of a truck bomb.

The defense was set to give its final arguments later in the day, followed by jury deliberations.

For his conspiracy conviction, the jury will decide if Mr. Nichols should be sentenced to death, life in prison or a lesser term to be decided by U.S. District Judge Richard Matsch.

The judge will sentence Mr. Nichols on the eight involuntary manslaughter convictions.

To impose a death sentence, the jury first will have to determine that Mr. Nichols intentionally participated in the plot or that his participation constituted a reckless disregard for human life.

Last week, victims' family members and rescue workers told of emotional scars, of broken families, of struggles to cope with everyday life after the bombing of the Alfred P. Murrah Federal Building.

Yet, legal analysts said the jury that convicted Mr. Nichols of a lesser role in the worst act of terrorism on U.S. soil will be hesitant to sentence him to death.

The defense has emphasized that Mr. Nichols's role is "so small that it doesn't warrant a death sentence," said Andrew Cohen, an analyst who has attended both trials.

Ethiopian Convict in Arizona Dies After a Hunger Strike

New York Times Service

PHOENIX, Arizona — An Ethiopian convicted of murder in Arizona has died after a hunger strike that he called to protest his prison diet, state officials said.

The inmate, Tesfome Abate, 38, died Saturday at St. Mary's Hospital in Tucson, said Mike Arra, a spokesman for the State Department of Corrections.

"It was somewhat unexpected because on Thursday he had been alert," Mr. Arra said.

Mr. Abate was the first inmate in the state to starve himself to death, Mr. Arra said. Mr. Abate staged several hunger strikes last year to protest the prison system's refusal to feed him what he called an Ethiopian Orthodox diet.

He was hospitalized Sept. 3 under a court order and had agreed to take small amounts of food and liquids.

But in the last month, prison officials said, Mr. Abate had ripped out his feed-

ing tubes, and his weight had fallen to 75 pounds (34 kilograms) from 149. Medical staff at the hospital had stopped trying to feed him, said a corrections spokeswoman, Camilla Strongin.

Ms. Strongin said Mr. Abate could not be force-fed because a court had decreed that he was mentally competent and capable of deciding whether to accept medical care.

Mr. Abate, who was an illegal alien, had been serving a 20-year sentence for second-degree murder at the state prison in Florence, about 50 miles (80 kilometers) south of Phoenix, before being hospitalized.

Ms. Strongin said that inmates could choose a regular, kosher or vegetarian diet, but that Mr. Abate said none had met his requirements.

"He was always changing what he wanted to eat," Ms. Strongin said. "No diet we could come up with would satisfy him."

Away From Politics

• A police officer was missing and believed dead after he fell 90 feet (27 meters) off a bridge into the Ohio River near Covington, Kentucky, while trying to help catch a suspect who fled after being stopped for a traffic violation. (AP)

• A chartered bus ran off a highway and rolled over, killing one passenger and injuring at least 22 other people. Investigators did not immediately know what caused the crash, which took place southeast of Santa Fe, New Mexico. (AP)

• A fire at a fertilizer plant filled with herbicides and pesticides forced about 2,500 people on both sides of the Ohio River near Maysville, Kentucky, to evacuate their homes. (AP)

• A package wrapped as a Christmas present and left on a front porch exploded in Vallejo, California, injuring four people. Federal agents were investigating. (AP)

DO YOU LIVE IN AUSTRIA, BELGIUM, LUXEMBOURG OR SWEDEN ?

For information about subscribing call:

Austria 01 891 363 830

Belgium 0800 17538 (toll-free)

Luxembourg 0800 2703 (toll-free)

Sweden 020 797039 (toll-free)

Herald Tribune

THE WORLD'S DAILY NEWSPAPER

Every night at Hyatt brings you closer to even more award nights or flights.

Nights	Award
2 Nights	50% Off A Weekend Night
4 Nights	1 Weekend Night Or 2,000 Bonus Miles Or 2,000 Bonus Kilometres
6 Nights	2 Weekend Nights Or 4,000 Bonus Miles Or 4,000 Bonus Kilometres
8 Nights	3 Weekend Nights Or 6,000 Bonus Miles Or 6,000 Bonus Kilometres

During Nights After Nights, all you need is Hyatt Gold Passport® and one of our supremely soft feather pillows to put you on the fast track to a weekend getaway.

The more eligible nights* you stay at Hyatt Hotels and Resorts* between 15 November 1997 and 28 February 1998, the more weekend nights you'll earn (up to three). Or, if you prefer, you can redeem your award certificate for up to 6,000 bonus miles/kilometres with one of our participating global airline partners.

Participating in Nights After Nights is easy — just enroll in Hyatt Gold Passport, our worldwide frequent guest programme. Membership entitles you to special benefits and recognition while earning points redeemable for upgrades and other travel awards.

Travel with the American Express® Card and enjoy Cardmember privileges like assured reservations to guarantee your room, even if you arrive late. With more than 1,700 Travel Service locations in over 130 countries, the American Express worldwide network can also assist you with travel arrangements, letter pick-up, and American Express Travelers Cheques. It's smart business to make the American Express Card your constant travel companion. To apply for the Card, call 1-800-THE-CARD, or visit us at www.americanexpress.com. Ask your travel planner for details. *Not all services available at all Travel Service locations and are subject to local laws and cash availability.



Cards

Get started on a great getaway with Nights After Nights. Enroll now in Gold Passport by calling (44)(181) 335-1220 in Europe and (852) 2956-1234 in Asia/Pacific. Or enroll on the internet at www.goldpassport.com



TERMS AND CONDITIONS: *For your nights to qualify for this offer, you must be a Gold Passport member and provide your Gold Passport account number, as shown on reservation and check-in and pay on eligible rate for your stay. Qualifying nights must occur between 15 November 1997 and 28 February 1998, as verified by check-out dates. Members paying for multiple rooms will earn credit for one room only. In cases of double occupancy, only one member occupying the room may receive credit toward this promotion. Award nights do not qualify. You will receive one single certificate for the highest award level for which you qualify, as indicated on the Nights After Nights award chart. Only one certificate may be earned per person. The maximum award you can earn is three Hyatt weekend nights or 6,000 airline bonus miles/kilometres, regardless of the number of nights you stay. Nights After Nights awards are contingent on the use of a Nights After Nights certificate, which will be sent to qualifying members after 6 April 1998. All hotel reservations are subject to availability and must be made in advance. There are a limited number of award nights available at each location. Promotional blackout periods may be in effect during certain time periods. Certificates are not valid in conjunction with Hyatt Vacations® groups, packages, frequent traveler awards or other promotions. Award certificates may be redeemed for miles/kilometres in participating airline programmes by 15 September 1998. Or, hotel award nights may be redeemed at participating Hyatt Hotels worldwide between 1 July and 15 September 1998 or 15 November 1998 and 31 January 1999. Hotel award not valid at Grand Hyatt® outside the U.S. and Canada. Hyatt Rewards, Park Hyatt Hotels® or Hyatt Regency Sun Diego. Other restrictions apply. Please review the Terms and Conditions on the award certificate and Gold Passport brochure. Hyatt Hotels and Resorts® encompasses hotels managed, franchised, or operated by two separate groups of companies—Hyatt Corporation and its affiliates and affiliates of Hyatt International Corporation. ©1997 Hyatt Corp.

ASIA/PACIFIC

King, Leaving Cambodia in Haste, Revises Amnesty Offer

Reuters

PHNOM PENH — King Norodom Sihanouk abruptly left Cambodia on Monday after backing away from an offer of unconditional amnesty for a son who was deposed in a coup last July.

In a break with royal tradition, King Sihanouk left the country unannounced, with his wife, Queen Monineath, on a commercial flight to Beijing via Singapore. He did not notify the coup leader, Hun Sen, of his plans.

The king, who has been facing criticism from some supporters of Mr. Hun Sen in recent days, did not speak to reporters before boarding his flight.

Only a small group of government officials and diplomats who had learned of the departure through unofficial channels were at the airport for the hasty, low-key send-off.

Mr. Hun Sen, who deposed his coalition partner, the king's son, Prince Norodom Ranariddh, on July 6, was not at the airport for the king's departure. His advisers would not say why.

Prince Ranariddh fled the country on the eve of the coup against him. In his absence, a military court charged him with smuggling weapons and colluding with Khmer Rouge guerrillas, and Mr. Hun Sen has said he must stand trial upon his return.

Just hours before his departure, King Sihanouk announced that Prince Ranariddh would have to seek amnesty on his own if convicted, a move the prince has said would be akin to admitting guilt.

"If there is no written request from Prince Norodom Ranariddh after our national court sentences him, then I will not think of granting amnesty to him," the king said in the statement issued by the palace. King Sihanouk had said earlier that he would pardon Prince Ranariddh without any request to do so, paving the way for his son's return to Cambodia for the first time since his ouster.

Prince Ranariddh has rejected the charges against him as politically motivated and refused to face a justice system he says is biased against him.

Under pressure from the international community, which maintains that Prince Ranariddh must be allowed to take part in general elections on July 26, Mr. Hun Sen said the prince could run for office if he were first pardoned by the king.

But a top aide to Prince Ranariddh said Monday that the prince remained firm and would not ask for a pardon.

■ Pol Pot 'Not in Thailand'

Pol Pot, the former leader of the Khmer Rouge, is not in Thailand, the prime minister of Thailand said Monday, The Associated Press reported.

"We are certain he has not been in Thailand," Prime Minister Chuan Leekpai said in an interview.

Mr. Chuan said he consulted with military and administrative personnel a few days ago after hearing rumors that Mr. Pol Pot had fled Cambodia, but they had no information on his location. That means he could not have entered Thailand, Mr. Chuan said.



The Cambodian leader, Hun Sen, right, greeting town officials on his visit to Svay Rieng Province.

Hun Sen's Struggle for Legitimacy

Control Eludes Cambodian Coup Leader Before the Election

By Seth Mydans
New York Times Service

BANGKOK — Six months after leading a coup in which he ousted his coalition partner, Cambodia's leader, Hun Sen, is still struggling to consolidate political and military control in a country that is less stable than ever.

He has also failed to win international legitimacy as criticism continues from abroad about his government's human rights abuses and repression.

With an election expected later this year, these are some of the ways the political, military and international pressures on Mr. Hun Sen have intensified.

Opposition politicians who fled the country after the July 6 coup have begun to return and reorganize. Prince Norodom Ranariddh, the coalition partner who was driven from power by Mr. Hun Sen, says he plans to return this month despite Mr. Hun Sen's threat to put him on trial.

Fighting has flared again near a remote northern stronghold controlled by soldiers who support the opposition. Despite the rebels' small numbers, Mr. Hun Sen's troops have made little headway against them.

Two human rights officials from the United Nations are due to visit Phnom Penh, the capital, this month, and are expected to voice concern about the continuing abuses that could threaten the legitimacy of the election. Support from the United Nations is critical to international acceptance of the results.

The election, which had been scheduled for May, has already been postponed until the summer or fall because of political instability that has made it impossible to organize the voting process on time.

It was unclear who might benefit from the delay. The election is crucial to the re-establishment of democracy and political legitimacy in a country where both have deteriorated since a United Nations-sponsored election in 1993 that followed a decade of civil war. It was that election that put in place the fatally flawed coalition led by Mr. Hun Sen and Prince Ranariddh, former enemies in that war.

The election this year, whenever it is held, is also seen as a potential flash point. It was pre-election maneuvering by both sides last year — including arms buildup and troop movements — that led to Mr. Hun Sen's coup.

Though he has been unable to consolidate control, Mr. Hun Sen has placed himself in a commanding position, purging rival politicians through political pressure, intimidation and violence.

The shattering of the coalition government also opened the way for maneuvering among various factions, including opposition politicians who are returning to the country. A prominent dissident, Sam Rainsy, led anti-government protests after his return last fall.

"The losers are fighting back and the winners are fighting for legitimacy," said Lao Mong Hay, who heads the Khmer Institute for Democracy. "Since July, Hun Sen has suffered a number of

serious setbacks. International pressure has made him more vulnerable."

Opposition to Mr. Hun Sen's coup has remained strong abroad. The United Nations has refused to let his government represent Cambodia, and the Association of Southeast Nations deferred its plan to admit Cambodia as a member last year.

The World Bank and the International Monetary Fund have withheld funds. A number of foreign countries, including the United States, have reduced aid, and the economy has come under severe pressure with the withdrawal of foreign investment and the near-disappearance of tourism.

Although these pressures have taken a toll, Mr. Hun Sen has remained unbending, and many political analysts remain doubtful that he will allow the election to be genuinely free, with free access to the media and an absence of intimidation.

Police Battle Angry Crowds In Indonesia

The Associated Press

JAKARTA — More than 1,000 people rampaged through the center of the city of Bandung on Monday after the government tried to close down illegal street vendors, the police announced.

Witnesses said rocks smashed windows of a supermarket and other stores, many of them owned by members of Indonesia's ethnic Chinese minority. Small business owners of Chinese descent are often targeted when social unrest flares here.

The violence involved not only the vendors but also some passers-by, who smashed windows of a supermarket and other stores.

An officer at the Bandung police department, who spoke on condition of anonymity, said a number of people were being questioned. He also said there had been no serious injuries.

SCTV television reported that 400 riot police and army soldiers had been deployed to quell the disturbances.

The official Antara news agency said the police had closed one major shopping street, causing traffic chaos in the city of more than 2 million people. Bandung is in West Java Province, 120 kilometers (75 miles) southeast of Jakarta, the capital.

Witnesses said the police moved in after arguments among street vendors and local government officials turned violent.

The official contended the vendors were operating illegally; the vendors asserted they had a right to set up stalls.

On Sunday, more than 100 people fought security forces in a town in the province of East Java, the newspaper Suara Pambuan reported.

Two police officers were stabbed in the stomach when they tried to control the crowd, which dispersed when other officers fired warning shots in the air.

The newspaper said the fighting started after a crowd of villagers gathered to burn down small houses they apparently believed were brothels or liquor outlets.

Attacks on targets considered to be immoral occur sometimes in Indonesia during Ramadan, the Muslim holy fasting month. Ramadan began Wednesday in Indonesia.

About 90 percent of the country's 202 million people are Muslims, making it the world's most populous Islamic nation.

Chicken Farmers Get New Offer But Hong Kong Is Pressed for Even Higher Compensation

The Associated Press

HONG KONG — The government raised its compensation offer Monday for chickens slaughtered in the attack on avian flu, but farmers, vendors and legislators said it was still not enough.

The political furor over the government's handling of the flu outbreak showed no signs of subsiding, even though the number of confirmed human cases seemed to have stabilized at 16. Four of those infected with the virus have died.

The government slaughtered nearly all of Hong Kong's 1.3 million chickens last week because it suspected they were the source of the type-A influenza virus known as H5N1 that infected humans for the first time last year.

About 150 poultry retailers, led by the opposition Democratic Party, protested outside the legislature building as a panel met inside to discuss the compensation package.

The Democrats said they would take part in a sit-in outside government offices until Wednesday to press for better compensation.

Wong Kam-kan, chairman of the Hong Kong and Kowloon Poultry Dealers and Workers Association, said that the poultry industry had already lost millions of dollars and that the livelihood

of tens of thousands of people has been disrupted.

Losses will mount as a halt to imports of live chickens from China, imposed two weeks ago, was expected to be extended through January.

Leo Kwan, deputy secretary for economic services, said the government was proposing to pay farmers 36 Hong Kong dollars (\$4.62) for each adult chicken killed, up from the previous offer of 30 Hong Kong dollars. It would pay smaller amounts to wholesalers and retailers.

From the outset of the flu outbreak, the government has been criticized. Officials have been accused of misleading the public by saying it was safe to buy live chickens, then abruptly ordering the slaughter. Killing and disposing of the chickens took five days, rather than the promised 24 hours, and officials acknowledged later that the virus might still be present in ducks and geese.

China said Monday that new tests of chickens in southern Guangdong Province, adjoining Hong Kong, found no cases of flu. China has repeatedly denied that the virus originated in Guangdong, despite unconfirmed media reports of poultry dying there.

Meanwhile, the Hong Kong government tried to reassure Asian neighbors that travel to the territory was safe.

BRIEFLY

Tokyo Opposition Forms New Alliance

TOKYO — Opposition politicians took their first decisive step toward regrouping Monday when nearly 100 of them banded together to form a new anti-government alliance.

The alliance, formed one week before Parliament resumes next Monday for a debate on solving Japan's economic woes, included two former prime ministers.

It has yet to announce a name and complete other formalities to become the chief opposition to Prime Minister Ryutaro Hashimoto's governing Liberal Democratic Party.

The alliance of about 100 legislators was formed at a meeting Monday of leaders of six parties. The largest of the parties, Naoto Kan's Democratic Party, holds 69 seats in the 500-seat lower house.

(Reuters)

Hong Kong Protest Over Chinese Visit

HONG KONG — Several dozen activists demonstrated Monday as former President Yang Shangkun of China met with local leaders on his first visit since Hong Kong returned to Chinese rule.

The police dragged some protesters away from the front entrance of the former Government House, where Mr. Yang was believed to be lunching with Hong Kong's chief executive, Tung Chee-hwa.

Small-scale but noisy protests have become the norm here during visits by senior Chinese leaders, especially those involved in the 1989 military suppression of the opposition movement.

Search Is Halted Of Silk Air Crash Site

JAKARTA — Indonesian teams halted their search Monday for wreckage from the crash of a Singaporean jetliner, a day after recovering a voice data recorder that may contain clues to the cause of the accident. Details of its contents were not immediately available.

All 104 people aboard were killed when the Silk Air Boeing 737, crashed Dec. 19 into the Musi River in Indonesia's South Sumatra Province during a flight from Jakarta to Singapore. (AP, AFP)

Mrs. Marcos Returns After Surgery in U.S.

MANILA — The widow of former President Ferdinand Marcos returned home Monday after undergoing eye treatment in the United States that she said would prevent her from going blind.

Imelda Marcos thanked the Philippine Supreme Court for overturning a travel ban and allowing her to go to Boston for treatment of glaucoma despite a graft conviction in 1993.

Mrs. Marcos, now a congresswoman, is free on bail pending an appeal of that verdict. (AP)

Taleban Rejects Food Supply Airlift

KABUL — The Taleban ruling bloc said Monday it would not allow the World Food Program to airlift emergency supplies to enemy territory in central Afghanistan.

The agency was forced to suspend its airlift of food to central Afghanistan, Province last week after Taleban jets bombed the area, including a runway where a United Nations cargo plane was stationed. (AP)

See Wednesday's International

For Business Opportunities, Franchises, Commercial Real Estate, Telecommunications, Automotive and Entertainment.

To advertise contact Sarah Werbel on +44 (0) 171 220 0326 or fax +44 (0) 171 220 0358. A GREAT DEAL HAPPENS AT THE INTERNATIONAL

Announcements

BARREME AS 24 AU 3 JANUARY 1998

Pte. Host TWA on direct route (London departure on Thursday) Replace les barbares avertis

FRANCE (zone D) on FFL - TWA 20.0% GO - 2.08 FOD - 2.25 SCSF - 5.26

UK (zone B) on FFL - TWA 17.5% (Red F) GO - 0.5534 FOD - 0.3476

ALLIANCE (zone D) on FFL - TWA 15% GO - 1.05

ZONE II - F - 1.00 SCSF - 1.28

ZONE III - F - 1.02 SCSF - 1.43

ZONE IV - F - 1.03 SCSF - 1.44

BELOUGNE on FFL - TWA 21% GO - 2.18 FOD - 2.25 SCSF - 5.26

HOLLAND (zone D) on FFL - TWA 17.5% AU 01/01/98

GO - 1.34 FOD - 0.63 SCSF - 1.49

LUXEMBOURG on LUF - TWA 15% GO - 19.22

ESPAGNE (zone A) on PTAS-TWA 18% GO - 10.10 SCSF - 107.29

Usage réglementaire

Herald Tribune

SUBSCRIPTION CUSTOMER SERVICE: For questions or queries about the delivery of your newspaper, the status of your subscription or about ordering a subscription, please call the following numbers:

EUROPE, MIDDLE EAST AND AFRICA: TOLL FREE - Austria 0650 8120 Belgium 0800 17330 France 0800 457437 Germany 0130 843535 Greece 0800 3202 1234 Italy 187 78000 Luxembourg 0800 2708 Netherlands 0800 022 5158 Sweden 020 797030 Switzerland 0800 555757 UK 0800 885045 elsewhere +44 (0) 171 220 0358

USA (toll-free) 1-800-828-2828 elsewhere +1 (212) 762-8900 ASIA: Hong Kong 2822 1171 Indonesia 021 1021 2211 (toll-free) 0212 484 027

Japan 03 572 0044 Malaysia 221 7035

Philippines 855 4946 Singapore 325 0825 Taiwan 776346 Thailand 277 4485 elsewhere +44 (0) 171 220 0358

Legal Services

DIVORCE IN 1 DAY. No travel. Write: Box 377, Sydney, NSW 1515 USA. Tel: 97843837, Fax: 97843813.

Business Opportunities

OFFSHORE BANKS COMPANIES & TRUSTS IMMIGRATION/PASSPORTS

Starting Accounting Consultant Via Registration/Recruitment Mail-Phone-Fax Services Worldwide

Asian Corporate Trustees Asian Homes, Douglas, Isle of Man Tel: +44 (0) 1851 635021 Fax: +44 (0) 1851 635125

London Tel: +44 (0) 171 233 1302 Fax: +44 (0) 171 233 1519

E-Mail: ask@enterprisenet.com www.entreprisenet.com

TELECOMMUNICATIONS

OFFSHORE COMPANIES: For free brochures or copies Tel: London 44 181 741 1224 Fax: 44 181 746 65596338 www.apjeb.com

New Lower International Rates!

To the U.S. from:

Belgium..... 31¢

France..... 27¢

Netherlands..... 23¢

Switzerland..... 27¢

UK..... 17¢

• NO Set Up Fees

• NO Minimums

• NO Deposit

• Instant Activation

• Six-Second Billing

• AT&T Quality

• 24-hour Multi-lingual Customer Service

The Original

kallback

Tel: 1.206.598.1991

Fax: 1.206.598.1981

Email: info@kallback.com

www.kallback.com

417 Second Avenue West

Seattle, WA 98119 USA

Business Services

YOUR OFFICE IN LONDON Bond Street - Mail, Phone, Fax, Telex Tel: 44 171 250 9000 Fax: 171 499 7517

Business Travel

1stBusiness Class Frequent Travelers Worldwide. Up to 50% off. No coupons, no restrictions. Imperial Canada Tel: 1-814-341-7227 Fax: 1-814-341-7988 e-mail: info@imperialcanada.com <http://www.imperialcanada.com>

Capital Available

COMMERCIAL/BUSINESS FINANCE available for any viable projects worldwide. Fax brief synopsis in English to Corporate Advances, (+44) 1273-621300.

Financial Services

FUNDING PROBLEMS? FOR SOLUTIONS Contact

BANCOR OF ASIA

Bankable guarantees to secure funding for viable projects

VENTURE CAPITAL

EQUITY LOANS

REAL ESTATE

Long term collateral Supported Guarantees

Fax: (822) 810-8284 Tel: (822) 804-2393

(Commission earned only upon Funding) Brokers Commission Assured

Real Estate for Rent

Paris Area Furnished

Stn. - MONTAIGNE HIGH CLASS - 16 SQ.M. Fully furnished FF&DD.

CORTEL TEL: +33 (0) 1 45 30 92 52 FAX: +33 (0) 1 45 30 92 52

METRO BRY HAKEM, beautiful and renovated 2 rooms, sunny, FF&DD, Tel: +33 (0) 1 45 27 12 19

Paris Area Furnished

AT HOME IN PARIS

PARIS PROMO Apartments to rent (furnished or not). Sales & Property Management Services. 25 Av. Hoche 75008 Paris Fax: 01-4611020

Tel: +33 (0) 1 45 63 25 60

Embassy Service

YOUR REAL ESTATE AGENT IN PARIS

Tel: +33 (0) 1 47 20 30 05

Paris Area Unfurnished

NEUILLY, 80 SQ.M., lovely, private street. FF&DD. Free view, 5 minutes to train. Tel: +33 (0) 1 47 45 32 72 free 10am-6pm

Switzerland

GENEVA, LUXURY FURNISHED apartment. From studio to 4 bedrooms. Tel: +41 22 735 6200 Fax: +41 22 736 2871

Escorts & Guides

BELGRAVIA ORCHIDS LONDON - EUROPE

THE FINEST & THE MOST SINCERE 18 - 38+ INTERNATIONAL BEAUTIFUL & ELEGANT SECRETARIES, AIR HOSTESSES & MODELS AVAILABLE AS YOUR COMPANION 24 HOURS Escort Agency Credit Cards Welcome

TEL: LONDON +44 (0) 0171 589 5237

THE WORLD'S MOST BEAUTIFUL THE WORLD'S MOST EXCLUSIVE ESCORT SERVICE-GUARANTEED

WORLDWIDE - EUROPE USA MIDDLE EAST FAR EAST

"A CERTAIN STYLE"

+44 (0) 7000 74 46 46

info@atlantic-platinum.com

BRAND NEW & EXCLUSIVE PORTFOLIO CALL FRANCES TODAY FOR VIEWING

TEL: +44 (0) 7000 77 04 33

WORLDWIDE JET-SET CONNECTIONS

INTERNATIONAL ESCORTS

"Best in New York" New York Mag.

World's First & Most Exclusive Service Models, Beauty Queens, Air Hostesses, Secretaries, Madonnas, etc. International Travel Companions

Also featured in International News Media & TV. Video tapes & Photos available for selection. Credit cards accepted.

Helds: 1-212-765-7886 office@atlantic-platinum.com USA & WORLDWIDE

GENEVA PRETTY WOMAN Call 022 / 346 00 88 Escort Agency LAUSANNE - MONTREUX - BASEL - ZURICH & travel worldwide

SWITZERLAND-GERMANY-BELGIUM

+31-20-427 28 27 Zurich-Geneva-Basel-St. Gallen-Frankfurt-Munich-Wienna-Cologne-Bonn-Düsseldorf-Munich-Berlin-Brussels-Antwerp - Luxembourg

LONDON: (0)171-878 6806 COSMOS Escort Agency - Credit Cards

VENUS IN FURS

BRIEFLY

INTERNATIONAL

Challenge for West in Africa: Help Home-Grown Democracy Take Root

By Howard W. French
New York Times Service

ABIDJAN, Ivory Coast — When this country's National Assembly met recently to consider the government's proposed budget for 1998, members of the opposition Republican Rally voted unanimously against the bill.

The Republicans' seemingly token opposition fell short of blocking the government's spending plans. But it was not in vain. As time passed, the objections helped to force an increasingly public debate over how heads of state should be allowed to use public money.

The bill had granted sweeping powers to the presidency in the use of a large new budget item — called a fund for action and intervention — and this is what the opposition had most objected to.

The country's independent media picked up on the point right away, incorporating it into their regular calls for greater accountability from the nation's leaders. Soon the country's president, Henri Konan-Bédié, gave a long interview in the government daily, *Fraternité* Matin, in which he sounded defensive as he argued for public spending on improvements in his natal village, in-

cluding the creation of a new hotel, which he said were required to help him carry out his official functions.

The experience serves as a lesson in the usefulness and practicality of democracy in developing countries.

Because political institutions in these countries are often fragile and solidarity across ethnic lines weak, the value of democracy has been much questioned lately — and nowhere more than in sub-Saharan Africa, where elections have often been deeply flawed or stolen outright, or have served as a spark for violence.

Despair about democracy is a tempting lesson to be drawn from televised images of such travails. Witness a recent article in *The Atlantic Monthly* in which the journalist Robert Kaplan decries "our often moralistic attempts to impose Western parliamentary systems on other countries," likening this to "the attempts of Western colonialists to replace well-functioning chieftaincy and tribal patronage systems with foreign administrative practices."

That similar thinking has made inroads in senior U.S. foreign policy circles was in evidence

last month on Secretary of State Madeleine Albright's first tour of Africa. The countries she chose to visit, led by what she praised as a "new generation" of African leaders, were conspicuously undemocratic.

Many Africans say they are shocked at the dwindling Western backing for democratic change, which comes just as such ideals have begun to make serious inroads. Ultimately, democracy can only work when it

flows from the culture that seeks to apply it, Africans freely acknowledge. But this, they say, does not preclude vital outside support.

The changes in the way much business has been conducted in Ivory Coast in the seven years since multiparty politics began here can be a reminder to doubters of the potential impact of effective pluralism.

Only 10 years ago, another Ivorian president, Félix Houphouët-Boigny, was undertaking public works in his village, too, which he wanted to make the country's capital. The difference is that before restrictions on the press were lifted, before opposition parties were allowed to organize, and especially before they began to win political

office, there was no way to publicly question the president's decisions.

The late president's birthplace, Yamoussoukro, has become a spectacular example of autocracy. Broad, empty avenues lead to the world's largest church, a monument to Mr. Houphouët-Boigny's unchecked whims in an area where animists and Muslims far outnumber Roman Catholics. The cost for this structure alone has been estimated at \$150 million.

Mr. Houphouët-Boigny's system of government, which in its day some likened to "well-functioning chieftaincy and tribal patronage systems," left Ivory Coast with one of the world's highest levels of indebtedness and huge unmet needs in such areas as education, housing and simple health care.

The mere holding of elections is, of course, no guarantee that good leaders will come out on top, or that good governance will follow.

Zambia, where Frederick Chiluba, a longtime union activist, defeated Kenneth Kaunda, an incumbent of 27 years, in that country's first democratic election in 1991, serves as an example.

Rather than being the liberal renovator that many had expected, Mr. Chiluba has made a

travesty of the democratic process that helped him win power, jailing opponents, including Mr. Kaunda, attacking the press and reportedly turning a blind eye to rampant official corruption.

Then there is Kenya, which made a hash last week of its elections — perhaps deliberately, and ultimately perhaps explosively. It is in countries like this that many Africans believe the West could play its most useful role, by not only insisting on fair elections but by providing the technical help needed to pull them off.

Wherever democracy has been given a chance to take root, it has begun to make profound changes in the lives of the countries involved. Far from shrinking at the thought of "the West might realize that in the 1990s, unlike the

independence era 40 years ago, when new African countries inherited Western-style educational institutions but little in the way of Western education or expertise, the push for democracy in Africa is home-grown and comes from the ground up. As many Africans are looking to the West to take the side of democratic principles rather than flexibly backing the next generation of autocrats that Paris or Washington has grown cozy with,

A Laotian Tradition Reborn

U.S. Weaver Revives Art Disrupted by Indochina War

By Seth Mydans
New York Times Service

VIENTIANE, Laos — Among the more exotic casualties of the Indochina wars, the long-nosed loom, the eternal Naga serpent and the magical Mom bird appeared to be on the verge of extinction in Laos.

These mythical creatures, once common throughout this tiny rural nation, were part of the symbolic vocabulary of traditional Laotian silk weavers, whose work fell victim to the chaos of the wars from the 1950s to the 1970s, and the social disruptions that followed it.

Now an American weaver named Carol Cassidy is working to revive an art that, like that of the dancers of Cambodia and the temple muralists of Thailand, has embodied the nation's cultural inheritance.

In a refurbished French colonial mansion surrounded inconspicuously by a white picket fence, she employs 40 weavers, dyers and bobbin winders to produce glowing fabrics adorned with the stars and ships and scrolls of Laotian tradition, as well as the dragons, peacocks and butterflies of Buddhist symbolism.

But Ms. Cassidy is not a preservationist; her scarves and slipcovers and wall hangings bear her own contemporary stamp. For her, the ancient symbols are artistic forms rather than bearers of legend. "I start with traditional patterns and techniques and I modify, interpret, translate, adapt into a product that becomes international," she said. "The elements are traditional but the complete design is my own creation."

A recent example is a wall hanging woven for

Denise Tomecko, an American masseuse who lives here and wanted an ornament that would complement a treasured deep blue Tibetan carpet.

Ms. Cassidy found Laotian symbols that echo the dragons and knots pattern of the carpet and arranged them in a severe symmetry that seems more Tibetan than Laotian.

"She made me something that was very Lao but was reconstructed and modified to blend with a Tibetan prayer rug," Ms. Tomecko said.

Ms. Cassidy's enterprise, Lao Textiles, was founded in 1990 — the first American company licensed here after the end of the war in 1975, and still one of relatively few Western-owned businesses in this country of 4.6 million people.

Laos was heavily bombed during the war when the United States tried to cut Communist supply lines in Vietnam. As in Vietnam, the Laotian war ended in victory for the Communists, who continue in power today.

Ms. Cassidy said her experience with Laotian officials had been excellent as they begin to open their country to foreign investment.

"They have honored everything they ever said," she said. "Everything we agreed to in 1990 has been maintained, which is an incredible feat. I believe in the Lao's integrity and their deep commitment to their principles."

Pitched to a small, high-priced and mostly overseas market, her business is thriving at a time when the Laotian textile industry has been badly wounded by recently imposed foreign tariffs.

Her work sells in American boutiques or is shipped on special order for cushions or upholstery. A scarf might cost from \$85 to \$125; a brocade wall hanging sells for \$1,800.



Simone Banko, a Laotian weaver, working at her loom at Lao Textiles, founded in 1990 by Carol Cassidy, an American. The company is one of the few in Laos run by Westerners.

"In local terms our prices are high, but they aren't high by international standards," she said. "And I pay my workers professional wages."

These wages can reach to nearly three times the average national income of \$350 a year. Many of the weavers — like Simone Banko, 28, whose husband is a university professor — earn more than their husbands.

Ms. Cassidy, 41, is a native of Woodbury, Connecticut, and studied weaving at the University of Michigan and in Finland at the University of Helsinki. She spent seven years in Africa, where she taught village women the art of mohair weaving.

She arrived in Laos in 1989 and spent a year training weavers for the United Nations Development Program before starting her business.

ISRAEL: Netanyahu Wins Vote

Continued from Page 1

vantage of choosing the time and the issue on which to run. That issue was certain to be the peace negotiations with the Palestinians, for which Mr. Netanyahu could now claim that he required a new mandate to pursue his promise of "peace with security."

For this, wrote Hemi Shalev in *Ma'ariv*, the visit of Mr. Ross and the meeting with Mr. Clinton, both of which Mr. Netanyahu tried to delay, were now made to order. "Yesterday, Netanyahu still tried to convince Ross not to come, but tomorrow he will receive him with open arms," Mr. Shalev wrote. "Overnight, Ross changed from nuisance complicating the negotiations over the budget to a welcome guest serving the prime minister's interests well."

The Americans would enable Mr. Netanyahu to demonstrate that he was still held as a partner by Washington, even without the moderate Mr. Levy, while the inevitable resistance from the ultranationalists, and rejection of his proposals by the Palestinians, would prove that he needed a fresh mandate.

The Associated Press reported that moderates in Mr. Netanyahu's government have said they will bolt the coalition if there is no pullback, while hard-liners have threatened to topple the government if any land is handed to the Palestinians.

One of the moderates, Avigdor Kahalani, the public security minister, said Monday that if the hawk blocked a pullback by the end of January, "then we will start counting 60 days to the elections."

Another coalition partner, Agriculture Minister Rafael Eitan of the Tsomet Party, also said that it was time to hold elections.

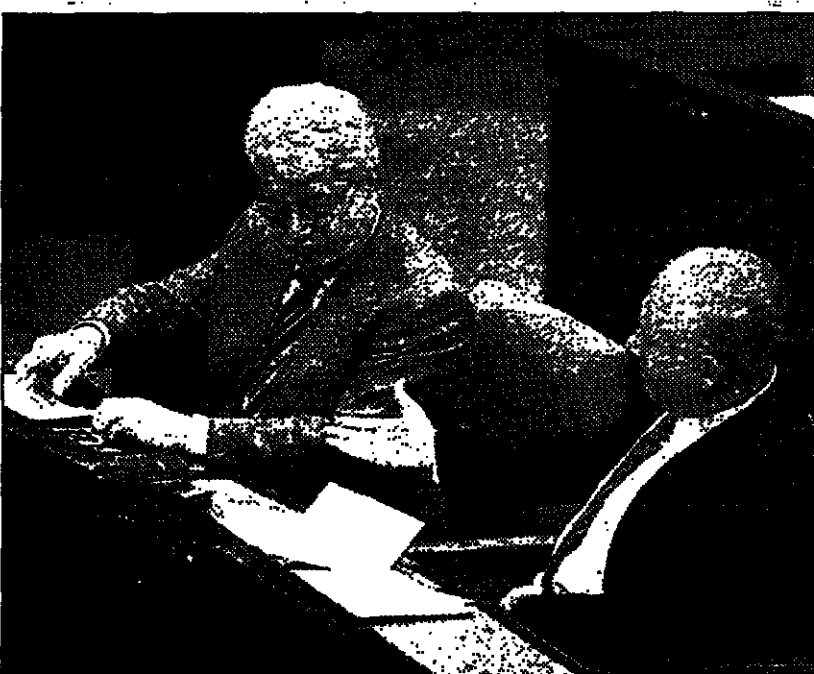
Mr. Netanyahu only hinted at his troubles Monday, telling Likud mayors who came to see him: "I want to thank you for standing by my side, especially in such moments."

Meanwhile, a senior opposition figure, the Labor Party legislator Eli Goldschmidt, met with the leaders of coalition factions to discuss the possibility of early elections.

"In my view, we should expect early elections in the spring," Mr. Goldschmidt, the head of Labor's faction in Parliament, said on Israel radio. Polls have indicated that about two-thirds of Israelis would like to see the vote moved up from 2000.

But the chief of the Likud party in Parliament, Meir Shtrick, said after talks with Mr. Goldschmidt that he was confident the government would survive.

Political commentators said that early elections appeared inevitable, but that Mr. Netanyahu would try to keep the coalition together for as long as possible so the campaign would be fought over the peace process rather than over the 1993 budget or social issues. The prime minister is more vulnerable on both counts.



Mr. Netanyahu offering Mr. Levy his hand in the Knesset on Monday.

U.S. Says Peace Process Outweighs Israeli Politics

Reuters

WASHINGTON — The United States underscored Monday its determination to move forward with Middle East peace efforts despite political turmoil in Israel.

"The peace process continues," said the State Department spokesman, James Rubin. "This is a process about peace and not about people. And the U.S. government believes it needs to move forward based on what it thinks is best, and not based on the particular make-up of a particular government at a particular time."

The U.S. Middle East envoy, Dennis Ross, was scheduled to leave for the region later in the day.

Mr. Rubin spoke after David Levy, the Israeli foreign minister, resigned from the government in a budget battle that some analysts said could damage the deadlocked peace process between Israel and the Palestinians even further.

Mr. Rubin stressed Secretary of State Madeleine Albright's conviction about the urgent need for progress in 1998 because in 1997 "there has been no forward movement" on peace.

Mr. Rubin reiterated U.S. demands

that Yasser Arafat, the Palestinian leader, devise a "credible, sustainable, comprehensive, 24-hour-a-day, seven-days-a-week, 52-weeks-a-year" program to ensure Israel's security and that Prime Minister Benjamin Netanyahu of Israel fashion "a credible and significant further redeployment" of troops from the West Bank.

Mr. Ross is to hold separate talks with Mr. Netanyahu and Mr. Arafat to prepare for separate meetings they will have with President Bill Clinton in Washington on Jan. 20 and Jan. 22, respectively.

At that time, about 600 of the 1,000 Polish agents in the foreign branch service were let go, according to Gromoslaw Czempinski, the head of the service in the mid-1990s.

But the agency, which combines both domestic and foreign intelligence services, became heavily politicized during the recent government headed by the former Communists, Mr. Czempinski and Western diplomats said.

The new anti-Communist government, which won elections in September, has replaced senior officials in the intelligence agency.

A NATO official said that "Poland would have been a real problem" if there had not been a change of government. "If the former Communists had stayed, there might have been a lot of different thinking in Washington," the official said.

Despite the problems, Washington

THAILAND: IMF Review Is Sought

Continued from Page 1

dumbfounded by what occurred here." Some analysts welcomed the prospect of a revised Thai program, saying it was long overdue for changes.

"Any softening of the IMF's stance would be seen as positive," said Sriyana Pietersz of SocGen Crosby Securities. "I doubt there has been any substantial change in the IMF's thinking, but they realize the current targets are unrealistic."

Thailand's program was negotiated before the regional repercussions were felt from the fall of the baht in July. The devaluation triggered an economic crisis that, within a matter of months, slashed the value of many Asian currencies and sent some of the world's fastest growing economies into recession.

Thailand will introduce measures curbing speculation against the baht by the end of this week, Mr. Tarrin said, but he would not elaborate on specifics. Later this month, before the next scheduled review of Thailand's program, Mr.

Tarrin said he would go to Washington to discuss all aspects of the bailout with the IMF.

Mr. Tarrin also called the two-tier exchange system introduced to defend the baht "dysfunctional," but did not say when the currency would be freely traded between the onshore and offshore markets.

While Mr. Tarrin refused to discuss what parts of Thailand's IMF program would be reviewed, analysts said there were three main areas of concern: the required fiscal surplus, the minimum level of foreign reserves and the actual size of the program.

With many revenue-producing parts of the Thai economy at a virtual standstill, the most unrealistic condition still in place, some analysts said, was that the IMF required a government budget surplus of 1 percent for 1998.

Few of the country's heavily indebted companies are posting any profits, so corporate tax collection has plummeted. Consumption tax collection has also fallen because of rising unemployment and the plunge of the currency.

"We have cut spending substantially," Mr. Chuan said, "but shortfalls in revenue will be as high as 100 billion baht, which makes it important to adjust the plan."

Besides loosening up on the required budget surplus, some analysts suggested there may be a drop in the minimum level of foreign reserves.

"As it stands, the Bank of Thailand has its hands tied in cushioning the fall of the baht," an analyst said. "This would allow for some flexibility."

To allay fears of a debt moratorium, other possible revisions include increasing the fund's size or lining up a "quick draw" facility in case of urgent need, such as the one the IMF set up for the Philippines.

In Hungary, even though a center-right government came to power after 1989 after the fall of the Communists, there was little purging of the secret intelligence organizations and military officials from the Communist era.

Some NATO officials play down the threat of damaging leaks from the proposed new members. They point out that intelligence but distributes only what the allies decide to give it. Washington, for instance, does not share with NATO everything it shares with Britain.

Retired General William Odom, who headed the National Security Agency in the Reagan administration and who supports NATO enlargement, said that "the Russian capacity to cause us serious problems" in the three countries.

"But the fact we have an intelligence problem is not a show-stopper," he said. "It just means we have spade work to do."

BRIEFLY

22 Algerians Slain In Latest Attacks

ALGIERS — Suspected Islamic extremists killed at least 22 Algerian civilians in weekend attacks, according to press reports Monday, less than a week into an already bloody Muslim fasting month of Ramadan.

Newspapers reported that the victims were in the central northern region of Medea, at Saida and Tiencin in the west, at M'Sila in the south and in Algiers, the capital.

Meanwhile, the *El Watan* daily said 299 people were killed in attacks targeting three places in the western Relizane region on Dec. 30, giving a revised toll. The newspaper *Le Matin* said that in one community alone, Kherbera, only two of 260 residents survived last Tuesday's slaughter. The official toll from the massacres on the first day of Ramadan was put at 78, but initial press reports had different figures, running as high as 412. (APF)

Moi Vows a Battle Against Corruption

NAIROBI — President Daniel arap Moi took the presidential oath for a fifth time Monday, pledging to rid his government of costly corruption. "73-year-old" leader was sworn in by Chief Justice Zacharia Chagori at central Nairobi's Uhuru Park, where Mr. Moi first took the oath of office shortly after the death of Jomo Kenyatta in 1979.

Speaking in English, after taking the oath in Swahili, Mr. Moi said his next government would be "more sensitive to the needs and aspirations" of all citizens. "It will be devoid of hate, fear and confrontation."

"Our people cannot achieve economic prosperity if we continue to have inefficiency in government or if we allow corruption to divert resources away from their intended purpose," Mr. Moi said. (AP)

Zapatista Backers Besiege Exchange

MEXICO CITY — Protesters supporting Zapatista rebels in southern Chiapas state blocked access to the stock market Monday and occupied two radio stations in the capital, witnesses said.

The demonstrators threw red paint at the walls of the modern, domed stock market building on Paseo de la Reforma and placed coffins in the street to symbolize the slaying of 45 Indians by paramilitaries last month in Chiapas.

Radio reports said the protesters, mostly students, were members of supporters of the Zapatista National Liberation Front, the political wing of the Zapatista National Liberation Army, which fought the government in Chiapas in January 1994.

Dozens of other protesters wearing masks and bandannas occupied two city radio stations, Radioactive and Pulsar, and demanded that they broadcast a taped message from the Zapatistas. The stations share the same building. (Reuters)

NATO: Some in Alliance Wonder if the Intelligence Services of Former East Bloc Nations Can Be Trusted

Continued from Page 1

is shared with current NATO members. The U.S. administration has too easily accepted the Central Europeans' arguments that they should not be treated as second-class citizens in the alliance, the critics assert.

"These guys may be loyal to Poland, but how easy is it to buy them now that ideology is not so important but money is?" asked a U.S. intelligence official who has urged caution in joint American-Polish intelligence operations.

Hearings on the expansion of NATO began in the U.S. Congress in the fall, and a Senate vote is expected in the spring. A two-thirds majority in the Senate is required, as well as approval by the legislatures of the 15 other NATO members.

The administration has said it expects to welcome the three countries into NATO in 1999, the 50th anniversary of the alliance's founding.

The intelligence agencies in Central

Europe have different degrees of relevance to Washington and NATO. By far the most important intelligence apparatus is in Poland, the most strategically and militarily dominant of the three proposed new members.

Since 1990, officials from all three countries' spy agencies have visited CIA headquarters in Langley, Virginia, and CIA officials have come to Central Europe to give advice on restructuring agencies that were their Cold War foes.

Poland's intelligence agencies have received the most attention from Washington, and the results have been mixed.

"After 1989, links were established right away," said a U.S. official who was based in Warsaw. "There has been a substantial level of confidence between the United States and the Poles. We have cooperated on a gradualist approach."

The structure of the Office of State Security, the civilian-run Polish intelligence service, was basically kept intact after the fall of communism in 1989. But

agents considered to be sympathetic to Moscow were dismissed after a vetting process in 1990.

At that time, about 600 of the 1,000 Polish agents in the foreign branch service were let go, according to Gromoslaw Czempinski, the head of the service in the mid-1990s.

But the agency, which combines both domestic and foreign intelligence services, became heavily politicized during the recent government headed by the former Communists, Mr. Czempinski and Western diplomats said.

The new anti-Communist government, which won elections in September, has replaced senior officials in the intelligence agency.

A NATO official said that "Poland would have been a real problem" if there had not been a change of government. "If the former Communists had stayed, there might have been a lot of different thinking in Washington," the official said.

Despite the problems, Washington

has tended to look somewhat benignly on the Poles. U.S. diplomats said Poland has intelligence assets in places where Washington needs them — in Iraq and Libya, for instance. And the agency proved its usefulness to Washington by rescuing CIA agents stranded in Iraq before the Gulf War.

In the Czech Republic, the intelligence agencies have presented more problems than the administration expected.

Unlike Poland and Hungary, where old-timers were allowed to stay on under the new anti-Communist governments, the Czech Republic basically destroyed its old secret services. They started over by hiring new people with no background in intelligence work. The current head of the Czech Republic's military intelligence agency is Acting Major General Peter Pelz, an architect by profession.

A result of the reforms, a Western diplomat in Prague said, is that the "Czechs are clean but not competent."

THE CHALLENGE OF '98

China Faces

By Scott Eastman

China's economic growth is still swelling, but the government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

The government's policies are still being questioned. The government's policies are still being questioned.

THE CHALLENGE OF '98 / Coping With Globalization

China Faces Uncertain Economic Future Amid Asian Financial Crisis

By Seth Faison
New York Times Service

SHANGHAI — The numbers look good. It is what they hide that is not so pretty.

The Chinese economy is still bustling along at high speed. Gross domestic product grew 8.8 percent in 1997 and is expected to increase nearly as fast in 1998. It is almost as though China were operating in a different hemisphere from that of its Asian neighbors who are now engulfed by a financial crisis.

Inflation, once the greatest cause of fear to Chinese leaders who remember how it helped lead to widespread unrest in 1989, is now close to zero and is expected to remain in the low single digits. Just a few years ago, even the most optimistic government planners did not envision such a combination of muscular growth and low inflation.

"Strong economic growth will continue next year," said Ye Zhen, a spokesman for the State Statistical Bureau. "Inflation will remain at the lowest level in the 1990s, leaving much room to coordinate economic growth with stable consumer products."

But the economy has a gritty underside: a morass of dilapidated industry left over from the old days of state planning, tens of millions of grumpy, underemployed workers and insolvent banks trying to wean Chinese companies from an irrational system of "loans" that are still effectively state handouts.

All these factors make China's economic performance for 1998 highly unpredictable. Such a deep divide separates the old, state-planned way of allocating money and the new, market-driven methods, which have only seeped

halfway into the financial system, that it is impossible to know where change will come smoothly and where it will not.

In a sense, the Asian financial crisis could not have come at a worse time for China. In 1997, Chinese leaders essentially accepted the inevitable by finally deciding to cut loose the bulk of state-owned industries, once the mainstay of the socialist economy, because they had been draining state coffers more heavily each year.

This year, Chinese leaders hope to start engineering a huge sell-off of the state-run sector, opening the door to large numbers of layoffs, with the aim of essentially restructuring China's system of ownership within three years.

With the regional economy tumbling downward, precisely at a time when China most needs stable income, Beijing has become vulnerable to falling foreign

investment and increased competition for its exports.

Asian investors, in particular, are expected to back away from sinking additional money into China.

Though farmers still make up the vast majority of China's population of more than 1 billion, the urban work force is up to 120 million, mostly employed by state-run industries. Many are underemployed — not working, but still officially on the payroll at salaries as low as \$10 a month in some cases — and the restructuring is expected to lead to widespread layoffs.

One uncertain factor is how many of those workers and their families are already surviving on China's enormous underground economy. The combination of high taxes and poor enforcement is a powerful incentive to many businessmen to keep their operations off the books. No one has any reasonable estimates

of the size of China's black economy. Perhaps the greatest uncertainty is what new form of ownership will emerge as the sell-off of government-run companies takes shape.

Economists have resisted the term "privatization," because even as local governments seek buyers, they are expected to oppose the concentration of economic power in the hands of any one individual.

"I think it will look more like South Korea, less like Russia," said an economist with Standard Chartered Securities in Hong Kong. "They are going to be much more comfortable with large government-backed conglomerates than with sprawling empires run by private entrepreneurs."

In any case, there are still sharp limits on the opportunities for foreign investors. Foreign investment, after reaching \$44 billion in 1997 as a number of contracts

signed in previous years came to fruition, is expected to fall sharply in 1998.

Exports, which jumped 20 percent in 1997, are expected to keep growing, but at a slower rate. Several government economists predict an 8 percent increase for exports in 1998, reducing China's overall trade surplus, which by Chinese statistics reached \$40 billion in 1997 and is likely to drop to \$32 billion in 1998.

Because a major portion of China's exports are goods involving the assembly of raw materials or parts that were imported from Southeast Asia, initial costs will fall because of the declines in those countries' currencies, possibly making China's exports cheaper as well.

Slower export growth, mostly because of competition with Southeast Asian countries whose goods are now less expensive, may also reduce trade disputes with the United States, China's biggest trading partner.

The Great Transformer

Euro Requires the Rejigging of Everything, From Taxes to Interest Rates to Computers

By Edmund L. Andrews
New York Times Service

FRANKFURT — Absent a huge political or economic calamity, the European single currency, the euro, will make its debut on Jan. 1, 1999. Banks have begun overhauling their computer systems, and many big companies are already making plans for the switch.

But the magnitude of the transformation is only beginning to sink in.

To be sure, European leaders still face a few big decisions in 1998, and consumers will not start to use euro bills and coins, which have already been designed, until 2002. But as of 1999, at least 10 and probably 11 countries are expected officially to surrender their own monetary policies and hand power to a new European Central Bank here in Frankfurt.

From Day One, transactions between banks will be processed in a new double-entry format, for both euros and a national currency.

Corporations like Daimler-Benz and Siemens say they will carry out all their

paper transactions in euros before the end of 1999.

In any case, they will have to make the switch by July 1, 2002, the deadline by which national currencies are to be abolished. Between now and then, almost anything that has to do with money will probably be affected.

• Manufacturers of everything from cars to clothing will have to smooth out what are often substantial differences in the prices they charge in different countries. Germans now pay more for a Mercedes in their homeland than they would in Italy, an opportunity that has already stimulated a lively arbitrage business among "gray market" auto dealers that buy German cars in Italy and resell them in Germany at lower prices.

• Governments must reckon with tax differences. Germany's sales tax will be 16 percent next year, but the French pay 20 percent. And income tax rates vary even more widely. Because the single currency makes all costs easier to compare, countries with higher taxes would probably lose business.

• Banks, corporations and government agencies will have to overhaul computer systems. Invoices, tax calculations and bank statements will have to be changed from marks or francs to euros. By some estimates, the conversion could cost private industry as much as \$80 billion.

"Everything that is related in one way or another to the Deutsche mark will change," said Dieter Bock, financial director at Puma AG, the athletic shoe manufacturer in Herzogenaurach, Germany. Consider the problem of a shoe that costs 149 Deutsche marks. Like companies everywhere, Puma sets prices that end with a 9 because 149 sounds lower than 150.

But 149 marks would convert to something like 75 euros, which creates a pricing problem that could be ticklish to resolve. "The question is, where is the new price for this article?" Mr. Bock asked. "Will it tend more toward 79 or 69 euros?"

But where medium-sized companies like Puma face difficult questions, multinational giants like Siemens and Daimler-Benz see opportunity. The elimination of currency fluctuations should make planning, pricing and billing simpler for big companies, which send many of their exports to other EU countries.

Indeed, the advent of the euro has already unleashed a flurry of mergers as companies that until now were seen as largely French, Italian or German, for example, seek to grow into pan-European groups.

Analysts expect these combinations to continue, redrawing the business map of the Continent.

Frankfurt will feel some of the most direct effects of the conversion. Though this city is the heart of the huge German banking system, and will be home to the European Central Bank, the financial sector here could end up a loser.

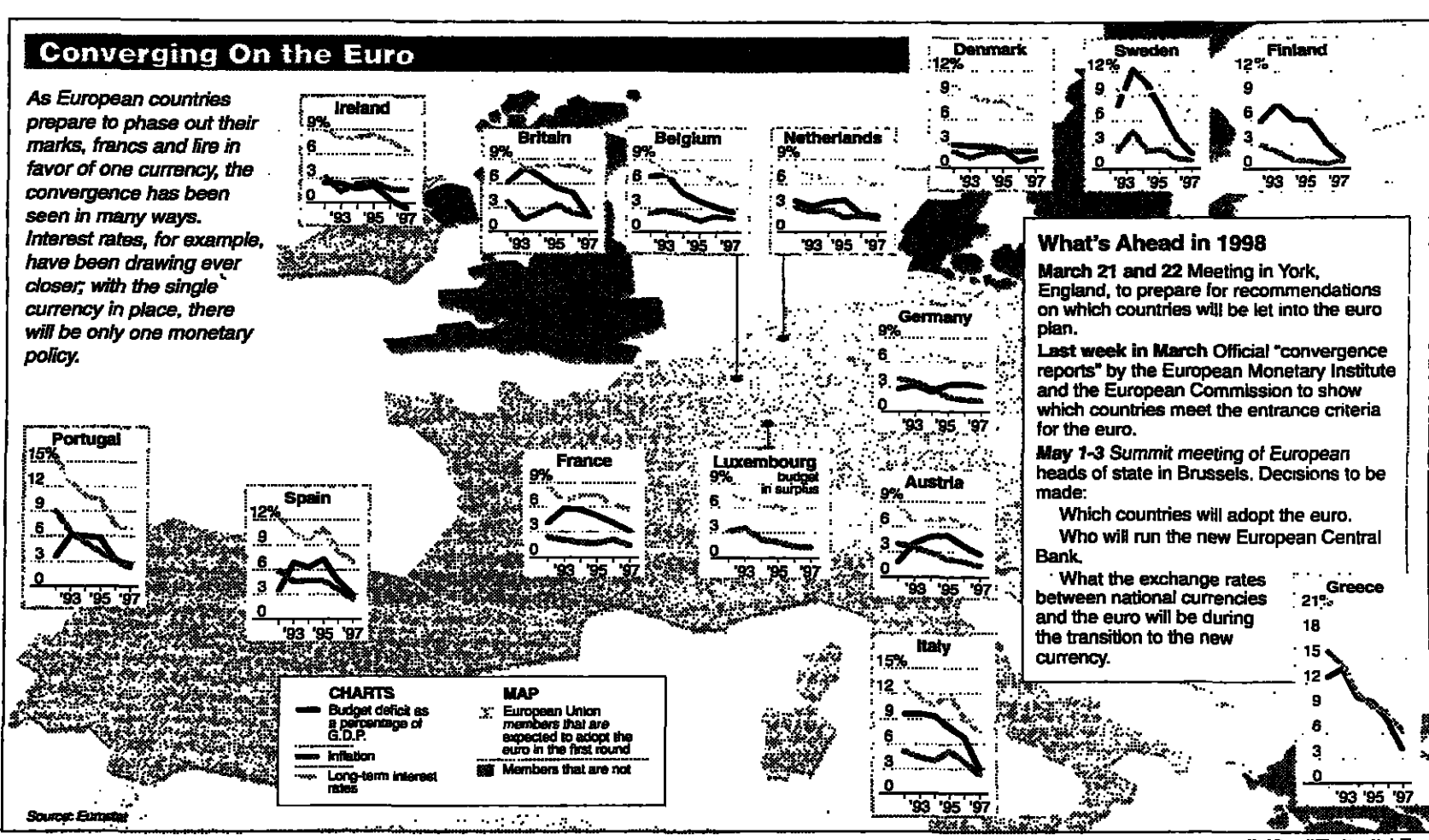
The euro is hastening the ascent of London, not Frankfurt, as the financial capital of Europe, even though Britain does not plan to adopt the single currency immediately. As financial institutions increasingly organize themselves into pan-European enterprises, even big German banks like Deutsche Bank and Dresdner Bank are moving their headquarters to London, which has a much deeper reserve of traders, brokers and sheer technical infrastructure.

Once the euro becomes fully established, it will wipe out a large component of financial activity — the exchange trading between European currencies. Europe's huge bond market will also be transformed. Until now, bonds sold by different countries have always offered different interest rates, reflecting the varying strength of currencies.

But all that will disappear with the euro. Once the European Central Bank takes over, there will be only a single set of European interest rates because there will be only one currency. Indeed, interest rates have already been converging across Europe, partly because countries had to bring their rates in line with core countries like Germany and partly because traders have been betting that Italian bonds, for example, will soon simply be euro bonds.

On down the line, almost nothing will escape the transformation.

The vast majority of parking lots in European cities will have to adjust the automated machines they use to take money and dispense tickets. Most telephones accept calling cards that must be recalibrated. And then there are the untold millions of computer keyboards now in use that do not have the E-shaped euro symbol.



Mutual Funds Post a Record For '97 in U.S.

By Edward Wyatt
New York Times Service

NEW YORK — The U.S. mutual fund industry just finished its biggest year ever. A record amount of money flowed into long-term funds — that is, stock and bond funds combined.

Total assets spread among stock, bond and money market funds now top \$4 trillion. Even after three straight years of torrid growth, Americans show few signs of slowing down in their drive to accumulate assets for retirement.

Coupled with the strong performance of the equity market in the last three years, however, the accumulations have skewed mutual fund holdings heavily toward stocks, more so than at any other time in the last 15 years.

While most investors show few signs of being satiated in their appetite for stock funds, the need to rebalance their portfolios could weigh heavily on investment decisions this year.

In the first 11 months of 1997, more than \$245 billion in new investments flowed into stock and bond funds. That topped the previous record for a full year's cash flow, of \$243 billion, set in 1993.

Data on December cash flows will not be released by the Investment Co. Institute, a fund trade group, until later this month, but analysts estimate that stock and bond funds added \$12 billion more last month.

The heavy flows followed a fairly strong year in 1996, when \$234 billion went into stock and bond portfolios.

Can this volume continue? Michael Lipper, chief executive of Lipper Analytical Services Inc., which tracks mutual fund performance, thinks so.

He said he expected the money to continue to pour in at close to its 1997 pace, particularly in stock funds.

Mr. Lipper noted that when the 1997 stock fund flows were measured as a percentage of assets, rather than in dollars, they did not approach the record level set in 1993. In that year, the monthly intake of new cash among stock funds measured 1.7 percent of their assets. The 1997 flows averaged less than 1 percent a month, and even in 1996, stock funds took in only about 1.3 percent of assets a month.

This year, Mr. Lipper said, "We're looking for the flows to be somewhat like we saw in 1997."

The makeup of recent cash flows has also changed. In 1993, the incoming cash was fairly equally divided between stock and bond funds, but the 1997 cash flows were heavily skewed toward stocks. Through the end of November, about \$209 billion had gone into stock funds, while a mere \$36 billion had headed for fixed-income funds.

Asia's First Step to Recovery: Seeing Depth of Woes

By Seth Mydans
New York Times Service

BANGKOK — In a new ritual of Thailand's hard times, people who call themselves the "formerly rich" have been gathering every weekend in a carnival atmosphere to sell their status symbols: expensive cars, designer clothing, thousand-dollar watches, even a light airplane.

One week, a former employee of a closed finance company hung "For Sale" signs around his own neck, advertising his availability for work. This curious spectacle, held in a parking garage in central Bangkok, may be an early sign of recovery: Thailand is emerging from a crippling stage of national denial.

In recent weeks, the other hardest-hit nations of Southeast Asia have also begun to grapple with the downturn that over the last six months has ended a decade of sky-high growth.

That is the good news. The bad news, analysts say, is that recovery will take time, will cause both economic pain and social disruptions and will call for strong political will among the region's leaders.

This year "is going to be pretty ugly," said Stephen Taran, managing director of Lehman Brothers Inc. in Hong Kong.

"They're dealing with a crushing bur-

Countries Acknowledge Need for Bitter Medicine

den of currency depreciation," Mr. Taran said. "They're looking at a much sharper deceleration of growth than was previously expected."

In a December report, the Organization for Economic Cooperation and Development said Thailand — perhaps the champion of Southeast Asia's decade of rapid growth and the epicenter of its crash — could well slip into recession in 1998. Malaysia, Indonesia and the Philippines will also take years to recover their economic health, it said.

But by 1999, the report said, growth should begin to pick up, mainly as a result of the drops in the values of the region's currencies, which will make their exports more competitive. Of course, many of the things that fueled Asia's economic boom in the first place — well-educated and motivated work forces, for example — remain in place, providing some optimism for the future.

But in the nearer term, there will be pain.

The fall of the dominos has been all the more striking because of the sharp differences among the affected countries.

Thailand had benefited the most from foreign investment as Japan and other

nations sought cheap labor for their industries. Thailand had also extended its credit the most with foreign borrowing and easy credit, making it highly vulnerable when its bubble burst. It was also the nation with the weakest and least capable leadership, which allowed its problems to grow rapidly.

But this picture changed markedly last fall when a new prime minister, Chuan Leekpai, took office and undertook a tough economic reform program. One foreign businessman now calls him "a guarded and perhaps naive optimist on Thailand" — which is a great change from the tone of a few months earlier.

Malaysia, which at first set the standard for denial, now seems to have acknowledged its problems, paring down its growth forecasts and putting a hold on several building projects.

Prime Minister Mahathir bin Mohamad, who at first blamed a variety of foreign enemies for Malaysia's problems, has suddenly become his nation's chief cheerleader for austerity.

Economists say that with this attitude, his nation may be in a better position to recover than Thailand or Indonesia because Malaysia's banks are mostly

healthy and its businesses and financial institutions never accumulated the huge foreign debts of these neighbors.

Indonesia impressed analysts with its quick move in October to call for help from the International Monetary Fund, which stepped in to provide the major part of a \$40 billion international aid package.

But there are serious questions about the firmness of Indonesia's commitment to deep-running reforms that would necessarily cut into the holdings of the family and friends of President Suharto.

Indonesia's recovery is the most dependent on political factors. New concerns have arisen about the health of the country's long-serving president, just a few months before Mr. Suharto is to be endorsed by Parliament for a seventh five-year term.

The Philippines, which never quite managed to join in on the region's boom, has remained comparatively isolated from the region's crash. Its currency and stock markets have slumped, but to a lesser degree than those of its neighbors, and its comparatively modest growth has slowed.

Analysts say the country, which suffered for decades under the label "sick man of Asia," could be one of the first to recover from the region's ailments.

BOOM: Despite Asian Crisis and Its Threats, the U.S. Expansion Continues — for Now

Continued from Page 1

The persistently low inflation rate has inhibited the Federal Reserve from slowing the economy, a step that would halt, in the process, the gains in wages and jobs.

"Lots of things can happen to the American economy in 1998," said David Colander, an economist at Middlebury College, "but the most likely thing is that it will keep on growing as long as inflation does not accelerate and the Fed does not step in."

In the Fed's eyes, a strong economy normally produces shortages. With demand rising, there are not enough goods and services to go around. So business, in effect, ration what they have by raising prices. Or they raise prices to pay for wage increases.

Either way, the inflation rate rises or seems about to do so. And the Fed, in response, slows the economy by raising interest rates to discourage spending and investment. Often in the past, the Fed has raised rates too much and recessions have developed.

This time, however, the pricing pattern is broken. Prices have not risen, even as wages have. Despite strong demand, goods and services are plentiful, not scarce.

The Asian crisis plays a role here. With consumers in Korea, Thailand, Malaysia, Indonesia and Japan buying less, those countries are exporting more of their merchandise to the United States, at ever lower costs in dollars, because their currencies are falling in value.

The rising supply of Asian goods comes when U.S. companies have stepped up production capacity at home. The machinery and floor space used in domestic production have grown over the last two years at an annual rate of

more than 5 percent, new government figures show. That is nearly double the growth rate in the early 1990s.

The issue of the year, then, is oversupply. In a number of industries — autos, toys, paper, plastics, textiles, electronics — production outstrips demand. The problem is how to get people to buy up all that is out there, not to spend less. And the Fed, partly in recognition, has left interest rates untouched for nearly a year.

"The global economy desperately needs all the supplies it can muster," said Edward Yardeni, chief economist at Deutsche Morgan Grenfell, the Wall Street firm.

If they do not meet the challenge, the oversupply will push down prices, which may be a boon to consumers initially. But deflation means more than just falling prices. The price declines squeeze profits. Companies cut back through layoffs and less investment. Unemployment rises, the economy slows, and wages lose ground.

The real deflationary damage kicks in if the value of homes, cars, stockholdings and other property bought on credit drops so much that it is worth less than the debt still owed. With incomes weakening, people fall behind on their debt payments. Defaults rise — they are frequent even now — and the property, often held as collateral, loses more value. Banks, credit card companies and other lenders are hurt.

Some forecasters expect the nation's economic growth rate to decline in 1998 to 2.5 percent, from nearly 4 percent last year. That would still be above the average annual rate during this recovery, which was weak until the surge in growth over the last 18 months. And 2.5 percent would still be enough, the fore-

casters argue, to keep the unemployment rate low and wages rising by a bit more than the inflation rate.

Their outlook assumes that the economy's strengths, not its weaknesses, will prevail. But the weaknesses are noteworthy, too.

Perhaps the most alarming is household debt, built up through credit cards, personal loans, mortgages and other borrowing. Household debt has risen to record levels as a percentage of the personal income available to repay the debt. Measured this way, the debt load is nearly one-third greater than it ever was in the 1960s, 1970s or the early 1980s.

That makes repayment a problem, and personal bankruptcies are at a record level. So are credit card defaults. But the greater danger, some economists say, is that the debt might stop rising. The rate of growth in household debt is already beginning to slow as households cut back their borrowing. As they do so, the economy is deprived of a stimulus that contributed so much to the strong recent economic growth.

Debt has been a source of growth for years. Government borrowing in the '70s and '80s, evident in the rising national budget deficit, provided the main stimulus in that era, said Wynne Godley, an economist at the Jerome Levy Institute. Then, as the deficit leveled off and shrank, rising household borrowing took over the task of stimulating the economy. "Now if private credit stops rising, too," Mr. Godley said, "the motor is taken away from the expansion."

Nothing in economics happens in isolation. One dynamic feeds on another. When consumers cut back on borrowing, spending slows, production declines, job creation slows, unemployment rises and the economy weakens.

more than 5 percent, new government figures show. That is nearly double the growth rate in the early 1990s.

The issue of the year, then, is oversupply. In a number of industries — autos, toys, paper, plastics, textiles, electronics — production outstrips demand. The problem is how to get people to buy up all that is out there, not to spend less. And the Fed, partly in recognition, has left interest rates untouched for nearly a year.

"The global economy desperately needs all the supplies it can muster," said Edward Yardeni, chief economist at Deutsche Morgan Grenfell, the Wall Street firm.

If they do not meet the challenge, the oversupply will push down prices, which may be a boon to consumers initially. But deflation means more than just falling prices. The price declines squeeze profits. Companies cut back through layoffs and less investment. Unemployment rises, the economy slows, and wages lose ground.

The real deflationary damage kicks in if the value of homes, cars, stockholdings and other property bought on credit drops so much that it is worth less than the debt still owed. With incomes weakening, people fall behind on their debt payments. Defaults rise — they are frequent even now — and the property, often held as collateral, loses more value. Banks, credit card companies and other lenders are hurt.

Some forecasters expect the nation's economic growth rate to decline in 1998 to 2.5 percent, from nearly 4 percent last year. That would still be above the average annual rate during this recovery, which was weak until the surge in growth over the last 18 months. And 2.5 percent would still be enough, the fore-

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

Rwandan Goes Free

An American court should be extraordinarily careful before turning a suspect over to a foreign tribunal for trial. That sensible principle led to a mistaken ruling on Dec. 17 by a Texas judge who freed a Rwandan wanted by an international court for genocide and crimes against humanity. The judge released Elzaphan Ntakirutimana, ruling that there was no constitutional basis to turn him over to the International Criminal Tribunal for Rwanda. His release was based on faulty reasoning.

The indictment against Mr. Ntakirutimana, a Hutu pastor, charged that when Rwanda's genocide began in 1994, he urged Tutsi to hide in a church and hospital compound, then led armed Hutu to the compound who slaughtered hundreds of the refugees. He fled to Texas to live with his son and was arrested in 1996.

The federal magistrate judge, Marcel Notzon, argued that even though Congress passed a law in 1996 authorizing the United States to turn over fugitives to the international tribunals for Rwanda and Bosnia, that law was unconstitutional because the United States has no extradition treaty with the tribunals.

But the U.S. Constitution does not

require a treaty to surrender a criminal fugitive. Indeed, the Supreme Court ruled in 1936 that an act of Congress is sufficient. The United States has also signed a treaty that bears on this case — the United Nations Charter. The Rwanda tribunal, along with one for Bosnia, was created by a UN Security Council resolution. Washington rightly called on Croatia to turn over war crimes suspects in keeping with such a resolution.

Judge Notzon also questioned the evidence against Mr. Ntakirutimana. His concerns about fairness are important, especially since the Rwanda tribunal initially was poorly run. But the problems are now largely solved, and both tribunals have been just.

The judge's decision also seems to betray unfamiliarity with the climate of fear in Rwanda and how mass murder is carried out.

Given the possibility that Mr. Ntakirutimana may flee, the Clinton administration should appeal the case quickly. It would be tragic if the United States, which has played such a crucial role in the creation and support of the tribunals for Rwanda and Bosnia, did not honor the obligations to turn over fugitives that it has urged on others.

—THE NEW YORK TIMES

Yes, Talk About Food

A lighthearted study done for the holidays purports to show that consumption of fruitcakes, despite decades of relentlessly bad press, increased in America this year by 20 percent. It is a lesson that might usefully be pondered by the sponsors and champions of the set of wrongheaded and probably unconstitutional laws known as food defilement laws, which will be tested for the first time in federal court this Wednesday in Texas.

The case in question was brought against talk show host Oprah Winfrey by two groups of Texas ranchers in Amarillo under the Texas False Disparagement of Perishable Food Products Law, after a 1996 broadcast in which a vegetarian guest discussed the dangers of "mad cow disease" so vividly that Oprah Winfrey declared that she would stop eating hamburgers. The ranchers blame the comments for a sharp one-day fall in beef prices and subsequent losses in profit, although prices later recovered.

It may strike an observer that these comments sound well short of actionable and that lively discussions about the safety of the food supply are a good deal more useful to civic health than some of the bizarre fare to which Oprah-style talk shows are prone. But bringing the case to court could be an equally useful exercise if it focuses more attention and alarm on these odd "food disparagement" laws, now in force in 13 states and potentially covering com-

ment on a wide variety of meats, vegetables and specialty products.

Even a modicum of such attention ought to be enough to overturn most of these laws on constitutional grounds. In an era of Olestra, worldwide food shipping, chemical breakthroughs such as irradiation and ever changing orthodoxies on nutrition, the society-wide discussion of food issues is not just free-wheeling but at times positively bewailing. And this is as it should be.

It is possible to sympathize with the initial impulse that led apple producers to seek ways to protect themselves after the Alar scare (later determined to be unfounded), or that leads beef producers such as the plaintiffs in the Oprah case to look for someone to blame after a societal bout of panic about mad cow disease. But that should not lead to acceptance of an attempt to muzzle speech on a matter of public interest.

The laws, say their defenders in the relevant industries, were written to be constitutional, merely targeting negative unproven comments about food — a simple matter of redressing the burden of proof. But this cannot be done. Those who oppose such curbs on good-faith speech point out that science, not mention public policy, moves forward precisely by means of debate, charge and countercharge over not yet proven dangers. The Oprah case is a good opportunity to set this straight.

—THE WASHINGTON POST

Shielding Your Data

Is there any way to keep one's sensitive personal information from being bought, sold and spread electronically to the four corners of the earth? The U.S. Federal Trade Commission has weighed in with a heavily qualified "yes."

Commercial "look-up" services, it said, can rein in abuses and limit the damage to consumer safety and privacy if they adhere to a generally promising set of voluntary principles worked up by the industry. But those principles contain gaps, and although the commission does not recommend regulation just now, it sees some important holes in the industry's plans that need urgently to be plugged.

Left unsaid in the report is the amount of damage that even a single leak or loophole, or a single fly-by-night or unethical company, can do in a business marked by lightning replication and recombination of data received from sources both public and private.

The burgeoning and highly lucrative "individual reference service industry," as it calls itself, makes money by buying up databases from such disparate sources as motor vehicle bureaus, gas and electric companies, courts, post offices and credit bureaus, and then aggregating the data and selling them onward to paying customers.

This can be a boon — it makes the work of child-support enforcement much simpler, helps track financial crime and allows citizens to run background checks on baby-sitters — but at a cost in privacy and the cherished Am-

erican ability to melt into the crowd. Data that do not seem particularly intrusive by themselves — such as mother's maiden name, obtainable from birth certificates — become much more so when combined with the same person's address and Social Security number (obtainable from most driver's license applications).

The FTC would like to see more restrictions on what companies can do with data obtained from such public sources, but it praises the companies for adopting at least fairly significant curbs on how they will distribute information obtained from "nonpublic" sources — principally credit reports. They also promise not to market searches by Social Security number (an obvious route to fraud and what is spookily known as "identity theft"). And they distinguish between the kinds of data that may be provided to carefully vetted institutional clients (such as law enforcement agencies) and the far more limited kinds that can be made available indiscriminately to any paying customer, or accessed via the Internet.

As the commission points out, though, none of this buying and selling is controllable by the helpless individuals whose data have been harvested. Few have adequate rights to opt out, shield their data or correct errors, and most are unaware that the databases in question even exist. Extending those protections ought to be the focus of any further policy.

—THE WASHINGTON POST

Dr. IMF Prescribes Recession for Some Patients

By Robert Kuttner

WASHINGTON — The global institutions designed after World War II to promote growth have become agents of economic austerity. The winners are the large investors who get rescued in these periodic bailouts. The losers are the ordinary people.

The International Monetary Fund and the U.S. government are both playing with fire. The Asian financial crisis is the most serious threat to global prosperity since the oil shock of 1973.

The IMF was designed in 1944 expressly to prevent the currency deflations and exported financial panics that deepened the Great Depression. It was intended to anchor monetary stability, contain panics, discourage currency speculation and allow countries to grow their way out of recessions. But the IMF is now the premier instrument of deflation, as well as the most powerful unaccountable institution in the world.

When a country gets into financial difficulty, it does what the IMF says — or goes into default and faces worse calamity. Of course, the IMF works hand in glove with the U.S. government, so the IMF's victims are correct

to see it as a surrogate for U.S. power. The IMF has a one-size-fits-all economic program to impose in any crisis: Tighten your belts, and open your markets. In return, it offers financial aid.

In the Asian financial crisis, the IMF's main strategy has been to pour oil on the flames, battering countries into deeper recession.

As the Harvard economist Jeffrey Sachs has observed, you have to wonder just how much the IMF really knows about these countries. As recently as three months ago, Mr. Sachs observed, the IMF's directors "welcomed Korea's impressive macroeconomic performance." They similarly lauded Indonesia, now also a basket case.

Until 1996, South Korea had the world's most impressive rate of economic growth. Its economy and living standards doubled in a decade. It became a world economic power because it made good products, thanks to high domestic rates of savings and investment and a productive work force.

However, its development strategy included a heavy role for the state. Despite the epic success, this approach offended most American economists, because it is not supposed to work.

The IMF/U.S. line is that South Korea is suffering a delayed day of reckoning. Government-led and -financed development policy could work only for so long; eventually this model would lead to bad investment decisions, corruption, excess capacity and a crash.

So the IMF's price for orchestrating a bailout is that South Korea give up this model and let tottering institutions fail, the way they are supposed to do under Western-style capitalism. The same recipe is commended to Japan.

Thus, the IMF is using South Korea's financial crisis to remake its economy in the U.S. image and, as a side effect, to induce a deep recession.

There are several problems with this smug formula. First, the hypocrisy is breathtaking. Orthodox economists seem eager to commend a strategy of letting markets purge failures only when the harm falls on other people. When most U.S. money-center

banks technically were insolvent in the early 1980s after a binge of dumb and greedy Third World loans, the Federal Reserve encouraged them to cook their books until confidence was restored. The Fed did the same in the 1987 stock market crash, pouring in money so that no large institution would go bust.

Second, evidence is that what wrecked the South Korean economy was too much market liberalization too soon. The MIT economist Alice Amsden, a genuine Korea expert, observes that only when the government, under pressure from international institutions, loosened controls on banks did speculative pressures against its currency become a serious problem.

Yes, South Korea needs to open its economy, but at a bearable pace and not at the price of deeper depression.

This eerily echoes the 1930s, but you get the feeling that the IMF would rather score some ideological points than help these countries.

The writer is co-editor of the American Prospect. He contributed this comment to The Washington Post.

Campaign Financing: Ever Paying Tribute to the Kings

By Meg Greenfield

WASHINGTON — Much of 1997 in Washington was spent looking for the elusive quo, as in quid pro quo, and meaning the payoff. What did all those industries and individuals get or expect to get in return for their hefty campaign contributions to incumbents in both parties? Why, both at home and abroad, did they respond with such alacrity and largesse to the big shots' solicitations?

As usual, the search for evidence of specific rewards for the money has been largely unavailing, as has been true in many political-bribery criminal cases for years.

There have been a few demonstrable examples of particular official favors granted directly for money. But, to the frustration of prosecutors and investigators and media sleuths, there have not been very many — and surely not in numbers commensurate with the widespread suspicions and charges.

This is taken as vindication, as evidence of innocence by whichever party is being charged.

"You can't prove," they say, "that Old Moneybags got anything from the Republican Congress or the Democratic White House in return for his gargantuan contributions to both."

And in this they are, most of the time, right. But they are right because the investigators and accusers so often have a skewed idea of the "system" they deplore and are looking for the wrong thing — a single, identifiable payoff such as one-shot legislative relief of a problem or a personal tax break or something like that, which was given in undeniable return for the money.

If the pervasiveness of the enormous campaign donations by single industries and individuals to incumbents of both parties should tell us anything, however, it is that we are not dealing with a system of old-fashioned bribes here. We are dealing with something else, familiar since ancient times as a tributary system.

Those who pay tribute are (or believe they are) buying the

right to function as they wish, to be left alone, not to be upstaged by those with official power to harm them, a right to be treated with special consideration, to be allowed to cross the king's terrain in peace. They are under the king's protection, and marauders and bandits thwart them at their own peril.

In antiquity and also in medieval times this idea was well understood. The patronage and high regard of the potentate were invaluable coin, as useful to commerce as they could be essential to personal security.

It struck me as oddly provincial last year, when people were expressing doubts that all those foreigners would pay so much for nothing more than a photograph with the president, that one response was that we didn't understand the importance that closeness to the leader had in their cultures.

Surely from our own mob protection rackets to the influence-peddling claimers of close association with the powerful to the profit-seeking publicity hound who also benefits from seeming to be in special favor with the leader, Americans have not been slow to understand the return they get for the tribute they pay.

At the local level in old-style, big-city party patronage politics, nothing was more clearly understood. Likewise in gang turf struggles and other unsavory enterprises with which we are familiar. It is security at a price.

Yes, it is true in the campaign-funding world, the benefits are sometimes identifiable and concrete and that many more of them than we know have always been tucked into obscure legislation and bureaucratic rulings, to become apparent only when, by accident or snitching, one of them drops out.

And even if you cannot prove the causal connection between the money given and the business break received or political position changed — and many such pairings have been uncovered — that does not mean there was no causal connection. But even without them our

newly enlarged and all-encompassing bipartisan tributary system would continue to exist and flourish. People would persist in trying to buy goodwill or at least an environment that is not hostile to those with the power to grant them.

But, you say, we don't have a king. And you are right. Between the White House and the Congress and all the agencies under their control as incumbents, we have many kings who can grant or deny you safe passage. Campaign contributions in our tributary system are meant to propitiate them all and to discourage attack by those who are beholden to or afraid of them.

They do not, of course, have monarchical power. But the reason this particular campaign-contribution form of tribute has burgeoned in recent years is that their powers have grown enormously. Over the past two de-

cadres, starting roughly with enactment of the Great Society legislation, the federal government has acquired an ever more expansive role in the affairs of business, industry, professions and institutions than it began to have before.

Its power in these realms is neither monolithic nor unchecked. But it is surely large and potentially very consequential to most of those who make the huge donations.

As in most such systems, the receivers of the tribute are hardly passive or unaware participants in the transactions. They may pretend not to understand how the system works, but they do. And they also, as we know, do their best to see that everyone ponies up the price of safe passage.

I know there are other reasons that the size of campaign contributions has increased so much. And I know there are vast numbers of people who give

(much more modestly usually) on the basis of wanting to see the party representing their political views prevail. But there is something else at the core of the outpouring of huge sums of money into the parties' coffers from all around the world these days.

The Republicans who are beneficiaries of the money have, oddly, left it out of their familiar complaint about the way-too-big size of the federal government. So have the Democrats, whose leader, Bill Clinton, said in 1996 that "the era of big government is over." Not even close.

You will know that the era of big government is over in Washington when the campaign-financing tributary system has closed down, and people are no longer proffering their checks with the message, less traditionally defiant than newly defensive, "Don't tread on me — please."

Newsweek

Join the Government and Go Into Debt

By Richard Cohen

WASHINGTON — Not very long ago, I ran into George Stephanopoulos, the former White House aide, and asked him how much his government service has cost him. About \$100,000, he responded with a shrug of the shoulders. We were talking legal bills for high crimes or misdemeanors never committed or, just to be precise, alleged.

In Washington, the wages of sin are exceeded only by the wages of public service.

Mr. Stephanopoulos was quick to add that he is not asking for sympathy. He has done quite well, thank you, what with a teaching post, book contract, lectures and a TV gig with ABC. But he wanted me to remember the others, government officials either anonymous or obscure, who came to Washington to do good and left owing lawyers a bundle.

One of those, neither anonymous nor obscure, is Bill Clinton. The chief executive owes some \$3 million in legal bills. The figure surfaced once again

because the president's legal defense fund is closing down, having taken in less money last year than it spent — going some \$12,000 in the red.

For a time, it seemed that the legal defense fund would need a legal defense fund. It got into trouble when it was revealed that Yah Lin "Charlie" Tzie, a Clinton friend from Arkansas and substantial donor to the Democratic Party, had given the fund \$60,000 in sequentially numbered money orders. (The fund would accept no donations over \$1,000.) The money was returned, but the fund was hauled before Congress and last year wound up spending \$92,000 on its own legal defense and administrative costs.

For Clinton batters this is all terrific stuff. But for the rest of us, this is all disturbing news indeed. The president, I remind one and all, has been convicted of no crime nor, in an official sense, has he been accused of one relating in the least bit to the conduct of his office.

He remains plagued by his Arkansas shenanigans, the Byzantine shenanigans of White-water or the accusations of Paula Jones. Neither of these matters would have arisen and proved so costly had Mr. Clinton merely remained in Arkansas. When he won the presidency, he lost a fortune.

There is something troubling here to those of us who think that government service ought not become a financial calamity. Mr. Clinton is not alone.

His onetime deputy chief of staff, Harold Ickes, left the

White House with \$200,000 in legal bills. Mr. Ickes testified before grand juries and congressional committees some 17 times, and there are not a dozen people in the land who can tell you what for. It had something to do with campaign financing.

The government is running a vast inquisition, an enterprise of multiple grand juries and congressional hearings. By last fall, two congressional committees had called 370 witnesses and issued 700 subpoenas. Each witness needs a lawyer, and if you cannot use a Justice Department lawyer on account of a conflict of interest, then you have to pay Washington's prevailing legal rate of \$250 an hour.

At one time, it was expected that ambitious people would trade the relatively low pay of Washington for the rewards of government service, both psychic and, of course, financial. Many a successful lawyer or businessman made a name for himself in government service. Now, though, there is the chance that instead of parlaying your Washington years into something more remunerative, what you are going to get is, as the old song says, another day older and deeper in debt.

Dee Dee Meyers left the White House with \$50,000 in legal bills. Just what, exactly, was her crime? Hillary Clinton's former chief of staff, Margaret Williams, left her job with an excess of \$100,000 in legal fees still owing. Again, what did she do wrong? The answer in both cases is "nothing."

The problem is with a system that is excessively prosecutorial and bitterly partisan.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Lease in China

BERLIN — To-night's [Jan. 6] Official Gazette announces that a treaty by which the Chinese Government has leased Kiaochow to Germany has been agreed to. Germany obtains by this treaty a lease of this place for a lengthened period, and the right to erect all buildings, etc., that she pleases within the territory leased, and to take all measures she may deem necessary for the protection of these buildings.

1923: Taxing Graves

PARIS — Communal councils in Soviet Russia introduced a tax on graves in default of other assessable property, but the communistic principles of the equality of mankind are sacrificed. Graves are divided into three categories: proletarian graves; semi-bourgeois burials, surrounded by a rail; bourgeois

vaults. The tax is as follows: simple graves per square arshin 1 million roubles; railed-in graves, 2 millions; vaults, 3½ millions. In case of non-payment another corpse is at once buried in the same spot.

1948: Haganah Blast

JERUSALEM — Squads of Arab volunteers and British sappers, working by the spotlights of armored cars, hauled away at huge stone slabs, trying to recover the bodies of twenty persons killed in the Haganah bombing of an Arab hotel. Haganah said it attacked the hotel with a bomb because it was the district headquarters of the Arab military organization. Arab friends of victims, however, declared that more than half of the occupants of the Semiramis Hotel, in the fashionable Katamon section, recently moved there from mixed areas because they felt it "safer."

Herald INTERNATIONAL Tribune

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

Co-Chairmen

KATHARINE P. DARROW, Vice Chairman

RICHARD MCLEAN, Publisher & Chief Executive

MICHAEL GETTLER, Executive Editor

• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNORR and CHARLES MITCHELLMORE, Deputy Editors • SAMUEL ABT and CARL GEWIRTZ, Associate Editors • ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor
• RENÉ BONDY, Deputy Publisher
• JAMES MCLEOD, Advertising Director • DIDIER BRUN, Circulation Director

Directeur de la Publication: Richard McLean

International Herald Tribune, 151 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00. Fax: Subscriptions: (1) 41.43.92.10. Advertising: (1) 41.43.92.12. News: (1) 41.43.93.38.
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 11900 Tel: (65) 472-7768. Fax: (65) 274-2334
Mr. Dai An, Terry Dancer, 50 Gloucester Rd., Hong Kong Tel: 352-2622-1188. Fax: 352-2622-1190
Gen. Mgr. Germany: T. Schiller, Fraunhofer 15, 60325 Frankfurt Tel: +49 69 712604 Fax: +49 69 712605
Pres. P.S. Michael Cavan, 80 Third Ave., New York, N.Y. 10022 Tel: (212) 752-3890. Fax: (212) 752-3785
U.K. Advertising Office: 43 Long Acre, London WC2E 3AF Tel: (171) 836-4800. Fax: (171) 240-2254
U.S.A. ad capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
©1998, International Herald Tribune. All rights reserved. ISSN: 0294-8052

JAN 10 1998

OPINION/LETTERS

High on the List of Killer Diseases, Malaria Is Low on Research Cash

WASHINGTON — Rich countries subsidize diseases that afflict the poor. For the ailments of the poor world, they offer sympathy and perhaps a few bucks. That explains the plight of malaria, a disease that ranks high for death and disability in poor countries but very low in research expenditures among rich nations where it is rare to nonexistent.

An effort to talk out of that bird recently fled when a group of the world's leading pharmaceutical companies turned down a proposal to establish a consortium of public and private organizations for research on malaria and other tropical diseases.

According to a report in Science magazine, the companies begged off a variety of commercial, logistic and scientific grounds, with some of them explaining that they were already doing the work on malaria drugs.

But malaria researchers skeptically note that the dis-

ease, which is virulent in many parts of Asia and Africa, offers little potential for long-term profits even recouping the costs of research. The prevention and treatment of malaria pose daunting scientific problems that many researchers would happily confront. Politically and commercially, however, the vast disease is a nonstarter.

The rejected plan for a consortium called for a seven-year buildup to an annual level of about \$3 million, with private firms providing 70 percent of the total and foundations, governments and international health agencies contributing the balance.

In the global bookkeeping of health research, the sums involved are minuscule. The American government alone spends more than \$14 billion a year on biomedical re-

search, while pharmaceutical firms report their combined expenditures exceed that amount. Western Europe and Japan are also big spenders, in the multibillion-dollar range.

Malaria sickens scores of millions and annually kills an estimated 3 million, including a high proportion of children. The disease is not altogether ignored by the scientific powers of the world, which are almost wholly anchored in the developed world. But in terms of scientific purchasing power, it's small stuff, with annual worldwide expenditures of around \$100 million.

Of that sum, the U.S. government provides about \$25 million, mainly through the National Institutes of Health and the U.S. Army, which is increasingly concerned about health threats in tropical areas of potential deployment.

But if money talks, it is saying that malaria is not America's problem. When politics are agitated by public concern about disease, the money flows freely. Thus, the NIH spends \$2.5 billion a year on cancer research, while the army, at the direction of Congress, spends \$135 million a year on breast cancer studies. Propelled by fear, intense lobbying and politics, AIDS research soared from nothing to more than \$1.5 billion annually in 15 years.

Humanitarian concern has clearly proven insufficient for mobilizing the industrialized world's scientific resources against a distant disease. But maybe it is not so distant, thanks to the never-ending boom in air travel.

Though malaria was banished from the United States by strict application of mosquito-control measures, the disease is brought home by some 100,000 travelers per year who were infected abroad. Recent outbreaks in popular areas of tourism, including Thailand and the Pacific coast of Mexico, are noted with concern by malaria specialists.

And then there is "airport malaria," the term for domes-

The writer is editor-at-large of Science & Government Report, a Washington newsletter.

Look, Up in the Sky! It's a Bird! It's a Building!

By Gail Collins

NEW YORK — An old news-room joke is that three examples make a trend.

Manhattan, therefore, is in the midst of an absolute fad of falling-concrete incidents. On Madison Avenue, on the Upper West Side, in midtown and the theater district, pieces of buildings are breaking off

with the profound arbitrariness of fate.

For most Americans, disasters occur elsewhere — fertilizer plants and trailer camps and houses built along the flood plain. New Yorkers hear about the hail of bricks in the Madison Avenue shopping district and think, "I went past there last week."

MEANWHILE

and hitting the sidewalk like, ahem, a ton of bricks.

In the tabloids we used to call it "chucking," after the inevitable lead paragraph that begins, "A chunk of XXXX broke from a building at" New Yorkers are stunningly philosophical about this sort of thing.

I once called the Buildings Department hot line to complain about men chipping away at an apartment facade without protective scaffolding, and discovered not only that the hot-line number in the phone book was incorrect but also that it had been wrong for several years without anyone's noticing.

The Terror From the Sky phenomenon does, however, have an effect on everybody who lives here. It forces New Yorkers to make peace

with the profound arbitrariness of fate.

An empty theater on 42d Street collapses onto the sidewalk about a half block from Times Square right before New Year's Eve. Immediately, several million people remember the last time they went to watch the ball drop, and muse that the building could have fallen on them.

The automobile is responsible for more violent death and injury than anything else in the United States, but cars are also protective shells that confer the illusion of invulnerability. New Yorkers are pedestrians, unarmored and well aware that vehicles are bigger, faster and perfectly capable of chasing them onto the sidewalk.

Cars will, in fact, follow you into a restaurant and crush you while you're eating fettuccine. (When a

taxi plowed into a leather store in Greenwich Village last summer, injuring 11 people, the owner of the meat market next door told a Times reporter that motorists had previously smashed into a tree, an Italian restaurant and a toy shop on the same corner.)

And what do the authorities say when citizens are hit by a car while having lunch, or flattened by a piece of a parapet while going to pick up

the wrong time when he decides to patronize the local house of prostitution on the day of a police raid. But that movie house in the Murray Hill neighborhood was not a wrong place (even though it was showing "Psycho III" at the time).

Certainly nobody would want to say that the "Lion King" block on 42d Street is a wrong place after all the money the city poured into glitzing it up.

To survive in New York, make sure you're not in the wrong place at the wrong time.

Their dry cleaning or — as happened a few years back — buried under a ton of plaster while watching a movie at the neighborhood theater? "They were in the wrong place at the wrong time."

It is a deeply New York comment, a tribute to the uncontrollable nature of urban disaster that is both euphonic and irrational. As I see it, somebody is in the wrong place at

The next thing you know, somebody might suggest that New York City is a wrong place. In the age of Mayor Rudy Giuliani, everyone knows that this is the Capital of the World Whose Best Days Are Yet to Come.

Perhaps that is the reason police officers are permitted less and less freedom in speaking to the press. In this administration you hardly ever hear traditional fatalistic cop-comments anymore like "he's lucky just to be alive."

Instead, we get reassuring bureaucratic wisdom from the buildings commissioner about how chunks of buildings always fall down in bad weather — like apples or very heavy leaves. That's fine if you're not standing in the Wrong Place.

The New York Times

Have you missed any of the IHT's Sponsored Sections?

- Auctions in France
- Austria
- Automobile Industry in Europe
- Bavaria
- Big Business Asia: Building Asia
- Botswana
- Built for Business: Bangladesh
- Built for Business: China
- Built for Business: Hong Kong
- Built for Business: India
- Built for Business: Indonesia
- Built for Business: Japan
- Built for Business: Philippines
- Built for Business: Singapore
- Built for Business: South Korea
- Built for Business: Taiwan
- Built for Business: Thailand
- Business Education in France
- Business Education in the US
- Business Locations in Germany
- Business Locations in Vienna
- Business to e-Business: Banking
- Business to e-Business: Market Intelligence
- Business to e-Business: Retail
- Business to e-Business: Travel
- Business Travel
- By Spain: Cathedrals
- By Spain: Gastronomic Bounty of the North
- By Spain: Museums
- By Spain: World Heritage Cities
- Cadillac and Chevrolet in Europe
- California Wines
- Canada and APEC
- Czech Republic
- Dubai
- Eco-Efficiency: Business and the Environment
- Egypt
- Egyptian Banking and Capital Markets
- Emerging Markets in Central & Eastern Europe
- Environment: The Challenge of Climate Change
- Euro & Financial Markets
- Euro & Financial Markets in France
- European Fine Arts
- Fast Track 97: Asia Business Outlook
- Frankfurt's New Congress Center
- Greek Telecommunications
- Holidays in Europe: European Drive Around
- Holidays in Europe: London & Paris Shopping Breaks

- Holidays in Europe: UK Fly and Drive
- Holidays in New York
- Hotel Renaissance
- Hungary
- IFA: Advanced Electronics Showcase
- Interactive Industry
- International Business Education
- International Education in Benelux
- International Education in Germany and Austria
- International Education in Switzerland
- International Franchising
- Investing in Austria
- Investing in Austria: Vienna
- Investing in Poland
- Kansai
- Kyoto
- Luxury Real Estate
- Marseilles: The Euromediterranean Outlook
- Mauritius
- Mining in Africa
- Mitsubishi
- Mobile Communications: GSM and Beyond
- Multilingualism in Europe
- North America Summer Camps
- Office Equipment
- Perfect Gift
- Portugal Update: Lisbon Stock Exchange
- Portugal Update: Telecom
- Remaking of Romania
- Russia
- Skiing in America
- Southern Africa
- Summer in New York
- Tanzania
- Technology & The Environment
- Thailand
- Trade Fairs & Congresses in Germany
- Travel for Knowledge
- Travel in Asia: Best Beaches
- Travel in Asia: Festivals
- Travel in Asia: Golf
- Tunisia
- Turkey: Business Update
- Uganda: A Regional Powerhouse
- Yachting
- World Travel Shopping
- World Water

Now available on the IHT Web site:

Herald Tribune

Western Europe Program
New Business Information

China Software
Business Services

THE WORLD'S DAILY NEWSPAPER

<http://www.ihf.com/IHT/SUP/index.html>

Long restricted to the Third World, malaria may be branching out.

case, which is virulent in many parts of Asia and Africa, offers little potential for long-term profits even recouping the costs of research. The prevention and treatment of malaria pose daunting scientific problems that many researchers would happily confront. Politically and commercially, however, the vast disease is a nonstarter.

The rejected plan for a consortium called for a seven-year buildup to an annual level of about \$3 million, with private firms providing 70 percent of the total and foundations, governments and international health agencies contributing the balance.

In the global bookkeeping of health research, the sums involved are minuscule. The American government alone spends more than \$14 billion a year on biomedical re-

LETTERS TO THE EDITOR

Budget Surplus

Regarding "Novel Prospect in Washington: How to Spend a Budget Surplus" (Dec. 29):

It was surprising to read that after so many years of U.S. budget deficits, which have created a huge debt for future generations, American politicians are not thinking of how to spend eventual surpluses.

Every reasonable person must believe that the best use of a surplus would be to pay off a small fraction of the national debt, thus lightening the load for future generations to come.

H. NIAYES

Canadian Reactor

Regarding "Canada leading troubled reactors around the world" (Dec. 1):

The CANDU reactor sold by Canada is a safe and proven technology. The decision by Ontario Hydro to lay up some of its reactors was based on management issues.

To suggest that the reactors are being laid up because they are unsafe is absolutely false. An assessment conducted by an American nuclear review team stressed that CANDU reactors have a robust design and are inherently safe.

The Canadian reactors being built in China incorporate the latest design features using knowledge gained over 15 years of safe, reliable and world-class performance by other Canadian reactors around the world.

As the article states, the CANDU design is unique and offers several distinct advantages over its major competitors. The claim that Canadian reactors are more complex to operate is false and the only support offered is the opinion of unnamed "experts."

If the article incorrectly says that other countries operate Canadian reactors are "struggling" to keep the reactors safe, CANDU reactors are continuing to operate safely in Romania, South Korea and Argentina.

The article also implies that Canadian reactors are somehow related to nuclear weapons programs. This is wrong and creates a distorted image of CANDU reactors around the world. Canada sells its CANDU technology only to countries that have signed the Nuclear Prolif-

eration Treaty. Under that treaty, a country's commitment not to develop nuclear weapons is subject to independent verification by the International Atomic Energy Agency.

Canada's nonproliferation policy is the most stringent and restrictive in the world and prohibits the misuse and/or diversion of its nuclear materials and nuclear technology. The fact is that CANDU reactors have never been used to make bombs.

CANDU nuclear technology is a safe, reliable and environmentally sound method for the production of electricity. It is economical and produces no greenhouse gases. Canadians can take pride in developing a technology that is truly world class.

REID MORDEN

Ontario, Canada.

The writer is president and chief executive officer of Atomic Energy of Canada Ltd., which markets the CANDU reactor.

"Seinfeld" in Israel

Regarding "The Seinfeld Mirror" (Editorial, Dec. 30):

Americans are not the only ones who have a "fondness for eccentric New Yorkers."

"Seinfeld" is also a popular hit in Israel, where it is shown on cable television. In Israel, humor is all too frequently no more than an amusing reconstruction of the daily news and the country's difficult dilemmas. Bibi Netanyahu's foibles; political jockeying; struggles between the ultraorthodox Jewish minority and their modern orthodox, conservative, reform and secular counterparts; and Yasser Arafat's infamous statesmanship are subjects for some of Israel's best and funniest televised skits.

"Seinfeld" provides the perfect release, not only from the intensity of life in this part of the world but also from standard Israeli slapstick.

As a law student in the United States, I learned, during my study breaks, to appreciate the strange mix of senselessness and genius that characterize Jerry Seinfeld and company. Now I have the pleasure of recounting old "Seinfeld" episodes with my Israeli friends and colleagues.

JOEL SCHMIDT

Jerusalem.

The House of Edith Wharton, Her Greatest Passion

By Patricia Leigh Brown
New York Times Service

LENOX, Massachusetts — In the stillness of a Berkshire winter, when icicles hang languorously from the sugar maples and the walled Italian garden is submerged in snow, the extraordinary house that Edith Wharton built for herself here nearly a century ago seems frozen, literally, in time.

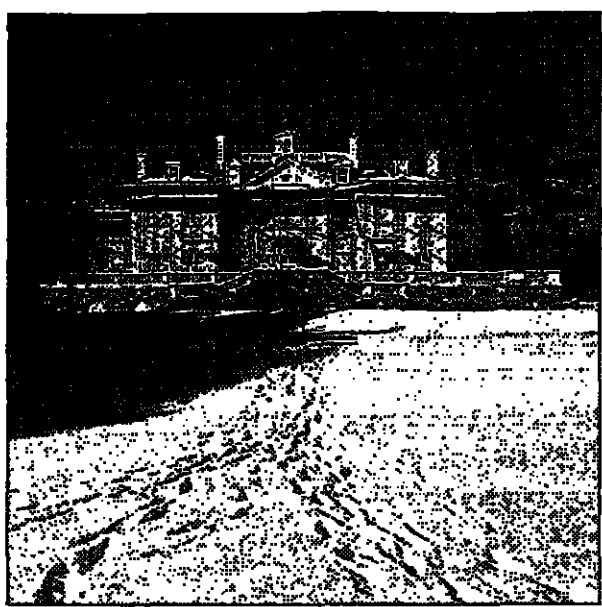
Of all the characters she created, Wharton may have loved the Mount, now undergoing a long-awaited restoration, the best. For it was here — where she wrote her first best-seller, "The House of Mirth," in her bed strewn with letters and papers, her writing board and ink-pot perched precariously on her knee and what a friend called "the dog of the moment"

tucked beneath her left elbow — that Edith Wharton consummated what was perhaps her deepest love affair: her romance with houses.

The year 1998 may be the Mount's moment. The current \$2 million exterior restoration is the first phase of a broader \$15 million effort by Edith Wharton Restoration Inc. to restore the rooms and gardens that offer a floor-to-ceiling mirror of this "rather housekeeperish" writer's being. The house, where she lived from 1902 until 1911, is also the subject of a new book, "The Mount: Home of Edith Wharton" (Edith Wharton Restoration), by Scott Marshall, in which its tumultuous past, and imminent resurrection, take on the cast of an Edith Wharton novel.

In a hot news flash from the turn of the century, research undertaken by restoration architects has revealed that Wharton's lavish, cupola-crowned villa isn't quite what it seems. Like Lily Bart in "The House of Mirth," whose beauty and savoir-faire were built on fragile emotional scaffolding, it now appears that Wharton cut corners to save money, using tin instead of copper on the roof and crude tar waterproofing on the ornate Italianate terrace, which sped up the house's deterioration. As the preservation architect John G. Waite put it, in somewhat Whartonian fashion, "Her ideas were grander than the money she had."

Grand they certainly were. Even as it was being built in 1902, the Mount — whose Gilded Age front is now shrouded, its marble balustrades and fieldstone



A New England mix of English, French and Italian.

places, of houses and homes," said the historian R.W.B. Lewis, who won the Pulitzer Prize for his 1975 biography of Wharton. "Each room is distinct, with its own shape and purpose, but they are all interrelated, reflecting her sense of the oneness and manyness of life. She designed and oversaw the building of the house. It's a unique creation."

As James, a frequent visitor, observed, "It is an exquisite and marvelous place, a delicate French chateau mirrored in a Massachusetts pond."

In books and life, Edith Wharton believed that houses were windows onto the soul, especially her own. "I have sometimes thought that a woman's nature is like a great house full of rooms," she wrote of a failed marriage resembling her own in the 1893 short story "The Fullness of Life."

"There is the hall, through which everyone passes in going in and out; the drawing room, where one receives formal visits; the sitting room, where the members of the family come and go as they list; but beyond that, far beyond, are other rooms, the handles of whose doors perhaps are never turned; no one knows the way to them, no one knows whether they lead; and in the innermost room, the holy of holies, the soul sits alone and waits for a footstep that never comes."

When she was a child, Wharton's unusual sensitivity to her surroundings and her photographic memory for houses and rooms was "a source of inarticulate misery," she wrote. "For I was always vaguely frightened by ugliness."

SHE often drew connections between buildings and the people who inhabited them, including her own family. "From the first," she wrote in "A Backward Glance," a 1933 memoir, "I was obscurely conscious of a queer resemblance between the granitic exterior of Aunt Elizabeth and her grimly comfortable home, between her battlemented caps and the turrets of Rhinecliff."

Like Codman (he called her "Puss" and she called him "Cuddy"), her family traveled widely in Europe during her childhood. Both "The Decoration of Houses" and the design of the Mount may be a reaction to the oppressive, overfurnished interiors of her mother's New York City town houses, never finished and covered in "a universal

chocolate-colored coating of the most hideous stone ever quarried."

Wharton's first architectural endeavor was at Land's End in Newport, Rhode Island, an "intolerably ugly" house she and her husband, Teddy, bought after their wedding in 1885 and hired Codman, then a relatively obscure young Boston architect, to redo. The Mount would be the first of three houses she would build herself before her death in France in 1937. (The others were the Pavillon Colombe in St.-Brice-sous-Forêt, north of Paris, and Chateau Saint-Claire, on the Riviera.) It was the Mount where she most wholly created her ideal world.

It sits firmly planted on a hillside overlooking two walled gardens linked by sculptured terraces now in varying states of picturesque decay. In better days, a "lime walk" of linden trees lay between the gardens. The house is a

peculiarly American mix of European styles: modeled on Belton, the classic English country house, but with a French floor plan, an Italian garden and terrace and a polite white stucco front with green shutters — the ultimate New England archetype.

Though most of the original furniture is gone, the spirit of "The Decoration of Houses" permeates every room, particularly her notions of intricately carved wall paneling as decoration to give even a cold, empty room dignity. And to stand in Wharton's oak-paneled library is to be struck by the radicalness of a woman's building such a room for herself.

Devoid of cracked-leather sitting chairs and pipe smoke, it also speaks to Wharton's poignant memories of her father's library, which her mother rarely entered and where her love-of-books was nurtured. She referred to it wistfully as

"the kingdom of my father's library. The library will be the first room to be restored. In many ways, it is the key to her kingdom."

Over time, the Mount became a "gothic millstone" around Wharton's neck, in Henry James's words. Today, from whom she grew increasingly estranged, was in chaos of its upkeep until their mutual affair and his embezzlement of her trust funds ended the marriage and prompted her move to France, where she lived out her death. The Mount was sold in 1911 and remained a private home until 1942, when it was acquired by the Fowle School for Girls and became a territory.

In 1978, when the house was under threat of condominium development, the theater company Shakespeare & Co. rented it and set up Edith Wharton Restoration to buy and preserve it.

THE WORLD'S MOST EXTENSIVE NEWS-GATHERING NETWORK

The International Herald Tribune is owned by The New York Times and The Washington Post, America's two most prestigious newspapers.

In addition to having instant access to their coverage, we have assembled a staff of selected journalist

BOOKS

THE MAGIC KINGDOM

Walt Disney and the American Way of Life

By Steven Watts. 526 pages. \$30. Houghton Mifflin.

Reviewed by Michiko Kakutani

HE was the creator of the world's most famous mouse and the world's most vocal duck, a man hailed as the 20th-century Aesop. Sergei Eisenstein acclaimed his work as "the greatest contribution of the American people to art," while James Agee denounced him as a fraud who had corrupted the American folk tradition.

Gilbert Seldes saw him as a revolutionary who had cooly undermined the rationalist ethos of the modern world, while a later critic shrugged him off as "America's foremost dispenser of placebos."

In his new book, the historian Steven Watts ratifies both views of Walt Disney — as an innovative artist and a willfully commercial entrepreneur. He sees Disney as "a major architect of modern Amer-

ican culture" and "perhaps the pre-eminent interpreter" of the nation's fantasy life, an entertainment magnate whose creations uncannily echoed mainstream American culture as it took shape during the Depression and the Cold War.

"In the broadest sense," Watts writes, "Disney smoothed the jagged transition from the values of the Victorian age to those of a fledgling consumer America. In addition, he helped to dismantle barriers between highbrow and lowbrow cultural activity and to bridge the gulf that separated the realistic art of the 19th century from the modernism of the 20th."

"Throughout, he negotiated the treacherous waters that lay between art and politics, synthesizing powerful impulses in subtle and soothing ways. Disney had a foot in the past and the present throughout the 1930s, and he helped Americans accommodate to a new age by appealing to older traditions while forging a new creed of leisure, self-fulfillment and mass consumption. More than a mere cartoonist or entertainer, he managed to become, to use his own phrase, a spokes-

man for the American way of life."

Part biography, part cultural history, "The Magic Kingdom" provides a vivid portrait of the man behind Mickey Mouse, while at the same time situating his anomalous achievement within a social and aesthetic context. We are left with an appreciation of just why Disney's work resonated so strongly in the popular imagination and of how it evolved over six decades.

We also come away with an understanding of how shrewdly Disney anticipated developments in mass culture, from the selling of tie-in merchandise in the 1930s through the use of television as a marketing and publicity device in the 1950s.

As Watts points out, Disney's work had roots in his childhood in Marceline, Missouri. Though his peripatetic family actually spent less than four years there, Disney would remember that period as an Edenic idyll, and he would mythologize his memories, going so far as to reinvent his hometown with Disneyland's Main Street. His otherwise rootless childhood, Watts argues, left him both acutely aware of the dislocations of historical change and nostalgic for a vanishing past.

A similar tension between tradition and modernity would inform his most powerful work, the Mickey Mouse and Silly Symphony shorts made during the 1920s and '30s and such pre-World War II features as "Snow White and the Seven Dwarfs" and "Fantasia." In such works, Disney grounded elements of modernism — surrealism, primitivism and playful subversion — in the familiar tropes of 19th-century sentimental realism, while gently satirizing the excesses and weaknesses of contemporary society. The result was a popular, yet innovative art that, for a time at least, captured the imagination of both the public and many highbrow critics.

THE adventurous aesthetic of early Disney films, however, gradually gave way to a more conservative, formulaic style that relied, increasingly, on cute, perky characters and maudlin plots that predictably ratified traditional family values.

This was partly the result, Watts suggests, of changes at the Disney studio (most notably, a growing bureaucratization and loss of esprit) that came about after a 1941 strike and the confusions wrought by World War II. It was also the result, he suggests, of Disney's own Cold-War embrace of old-fashioned patriotism and middle-class mores.

Like many Disney commentators, Watts sometimes goes too far. He suggests that nature films like "The Vanishing Prairie" depicted "a taming of natural forces that appealed to an American audience becoming increasingly suburbanized and family oriented," turning "the survival-of-the-fittest equation" into a lesson in morality. Happily for the reader, such excursions into overanalysis are rare in what is otherwise a terrifically readable and illuminating book.

New York Times Service

CHESS

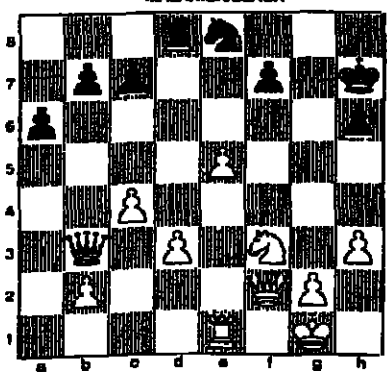
By Robert Byrne

IN the diagrammed game Gregory Kaidanov of the United States defeated Vladimir Malaniuk from Ukraine.

After 11 Nf1 the position bears a resemblance to a Ruy Lopez, one in which White has bypassed the Marshall Gambit but has allowed Black to develop his king bishop outside of his dark-square center pawns.

After 14 Ne3, the time would have been ripe for 14...d5 with the expectation of 15 Qc2 Qd7, followed by 16...Rad8 and effective play in the center. Instead, Malaniuk's 14...Qd7?! 15 Nb4! d5 16 Qf3! let Kaidanov defend the e4 pawn with an aggressive development. In this situation, 16...de 17 de Qd3 18 Nd5! Qf3 19 Nf3 Rac8 20 Nf6 gf 21 Nf4 would yield White an endgame advantage because of the doubled black f pawns.

If 16...Rad8, then 17 Nhf5 Qe6 (17...Re6 comes to the same thing) 18 Qg3 g6 19 Nf6 wins a pawn.



Position after 32...Qb3

GRUOCO PLANO			
White	Black	White	Black
Kaidanov	Malaniuk	Kaidanov	Malaniuk
1 e4	e5	19 cd	ed
2 Nf3	Nc6	20 Qg3	Ne8
3 Bc4	Bc5	21 Rac1	g6
4 c3	Nf6	22 Nb4	Rc8
5 d3	d6	23 f4	Ne7
6 Bg3	d6	24 f5	g7
7 d4	Ba7	25 Ne7	Qe7
8 Re1	0-0	26 Nf5	Qg5
9 h3	b6	27 Qf2	Rd8
10 Nd2	Bd6	28 Nd4	Rf6
11 Nf1	Re8	29 Nf3	Qps
12 Be3	Bb3	30 e5	Rf4
13 ab	Be3	31 Rc4	Rc4
14 Ne3	Qd7	32 de	Qb3
15 Nb4	d5	33 Nd2	Qd3
16 Qf3	d4	34 Qf7	Rb8
17 Nd5	Re8	35 Nf3	Qh7
18 Nf5	Kf7		and
			Resigns

After 17 Nd5, the result of 17...Nd5 18 ed Nb8 (18...Ne7 19 Re5 just costs Black a pawn) 19 cd ed 20 Nf5 would be a crushing position for White.

After 19 cd, recapture with 19...Nd4 would be met by 20 Nd4 ed 21 Qf5 Kh8 22 Nf6 gf 23 Rec1 Qd6 24 f4 with advantage to White. For the moment, Malaniuk's 20...Ne8 21 Rac1 g6 22 Nb4 Rc8 had held the enemy at bay, but Kaidanov's 23 f4 Ne7 24 f5! renewed his attack. If 24...Rd6, then 25 Ne7 Qe7 26 e5 Rb6 27 e6! breaks the defense.

To escape this, Malaniuk tried 24...gf, but after 25 Ne7 Qe7 26 Nf5 his pawn formation was a mess and his king unsafe. Perhaps he thought that 26...Qg5 27 Qf2 Rd8 28 Nd4 Rf6 29 Nf3 Qb5 would keep him from falling behind in material, but he surely had not reckoned with Kaidanov's 30 e5! Rf4 31 Rc4! Rc4 32 de Qb3 33 Nd2! Qd3 (33...Qb2 34 Qf7 Ng7 35 Ne4! would have been worse) 34 Qf7 Kh8 35 Nf3.

Malaniuk played 35...Qh7, but seeing 36 Qf8 Qg8 37 Qh6 Qh7 38 Qf8 Qg8 39 Qe7 Rd3 30 Re4!, he gave up.



Prosper and Martine Assouline with one of their best-selling "Fashion Memoir" books.

Distilling Fashion 'Memoirs'

Line Your Shelves With Books and Style

By Suzy Menkes
International Herald Tribune

PARIS — What! You are a style freak and no one gave you a "Fashion Memoir" as a holiday gift? No neat little book with glossy pictures to stroke? No lucid, informative (but brief) text to read? What kind of friends do you have?

The mini-series that distills a designer to essential images and well-chosen words has been a recipe for publishing success in the 1990s. Since Editions Assouline was set up in 1994 by a style-conscious husband-and-wife team, the small-format "Memoire de la Mode" has made book-aholics out of the fashion crowd.

Last year 400,000 slim volumes were sold around the world, mainly on fashion, but also encapsulating artists, photographers and classic trademarks like Tiffany or Ferrari.

Put end-to-end on a bookshelf, they sum up the 20th-century universe of style, from the sweeping ball gowns of a historic designer like Charles James through the impudent images of Thierry Mugler, one of the releases for 1998.

"The more the collection grows, the more it seems like one big book — the choice is important because it is about who has marked or is marking the history of fashion," says Martine Assouline, the director, editor and inspiration behind the Paris-based imprint.

When Assouline, and her art-director husband, Prosper, dreamed up the idea of a publishing house, it was for the quiet, personal pleasure of creating a handful of books on which they could lavish their attention.

A nearly example was "Entree des Fournisseurs" (Tradesmen's Entrance), a coffee-table tome that chronicles in succulent and poetic full-color pictures the dying couture skills with feathers, macramé, beading and lace. Or the book devoted to the Panama hat from its grassy fronds to its emblematic masculine elegance.

Such books still exist. In the offices tucked into the gray Paris rooftops near the Place Vendôme, Prosper Assouline, who has his own consultancy, takes time off to inspect two pet projects: a large-format book of images by the photographer Peter Lindbergh, and a series recording in delicate and loving detail the symbols of religions — Buddhism, Christianity, Islam, Judaism.

But Editions Assouline is now as-

fashion memoir

ISSEY MIYAKE



Issey Miyake's washed silk clothes.

sociated with the mini-book, created with the same finesse and quality as the originals, but selling at just 99 francs (\$18.95 in the co-editions with Universe Vendôme in the United States, or £12.95 in the British editions with Thames and Hudson).

Accessible and affordable — those buzzwords of the 1990s are Assouline's story. But the concept was also to create

collectibles, making them into objects of desire that would sell for less than 100 francs.

"We wanted all the quality of a big book but reduced to a small size — and we always had the idea of a gift, of something that you could take to your host for dinner," says Prosper Assouline. His eye and experience as advertising art director for luxury companies is evident in every page of the "Fashion Memoirs": colorful images splattered across the fold for Yves Saint Laurent's rich hippie clothes; or a focus on the grainy black-and-white photograph of Elsa Schiaparelli in leopard hat.

Illustrations also play a starring role and many of the early books in the "Memoire de la Mode" series encapsulated a designer's work with a sketch, like the curvaceous hour-glass silhouettes of Azzedine Alaïa.

WITH its full-color printing, visual generosity and balance between the lavish and the pertinent, the approach is very much that of a glossy magazine. And that makes Martine Assouline a

very fine editor. For instead of creating sound-bite journalism to wrap around the pictures, the words themselves are essays in style. The writers (mainly French) include Francois Baudot, Pierre Berge, on his partner Yves Saint Laurent, and the museum curators Lydia Kamissis of the Musée des Arts de la Mode (on Paco Rabanne and Vionnet) and Richard Martin of the Metropolitan Museum in New York (Charles James and Versace).

Here is Laurence Benaim, admirably translated, on Issey Miyake's Tokyo studio: "They spread out; one moves, rolls the cloth — runs his hand over Pleats, as if he were stroking someone's hair. It's almost as if the room changes size to allow them space to move around."

The success of the "Memoirs" means that they are already translated into seven languages from Japanese through Portuguese, with Russian and Chinese versions under discussion. As well as developing the photographic area, with books on Man Ray and Egyptian hieroglyphics, and enlarging the art portfolio, a new series on Hollywood-style stars is planned for next summer.

How does Martine Assouline analyze her unexpected success? "What I hear most often is that people like the spirit of the book — and I would say that is a question of the accent," she says. "We wanted to find something that is very elegant and aesthetic, but accessible. A big book discourages a lot of people; a small one is appealing."



Coco Chanel, by Man Ray, 1935.

all over the world to bring you a view that is distinctly multinational.

And with the availability of every newswire service, it all adds up to the world's most extensive news-gathering network.

No other publication can match our resources.

So if you're interested in commerce, in finance, in industry, in politics, or if you need to know what the world's strongest economy thinks about events in the rest of the world, make sure you get your copy of the International Herald Tribune. Every day.

To subscribe, call us at:

Europe/
Middle East/Africa : +33 141 43 93 61
Asia : +852 29 22 11 71
The Americas : +800 882 2884

INTERNATIONAL
Herald Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
THE WORLD'S DAILY NEWSPAPER

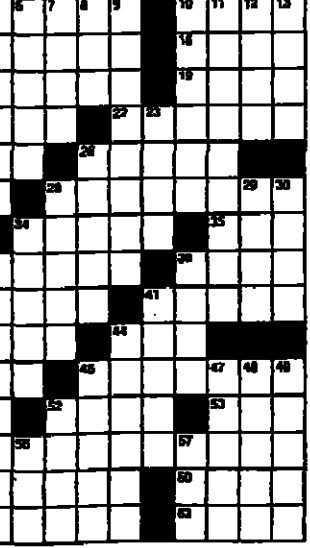
CROSSWORD

ACROSS
1 Chapter Two
5 Plots for, as a
10 Sacred bird of
14 Tough guy
15 Slight courts
16 Fisherman's
17 The Twilight
18 Lily Pons
20 Small bit

21 Dec holiday
22 Now Haven Line
24 Scolds
26 Newswoman
27 Seng Sing
28 Machine part
31 Where to pin a
34 Olympia
35 She's sub
36 Una decade has
37 More rational

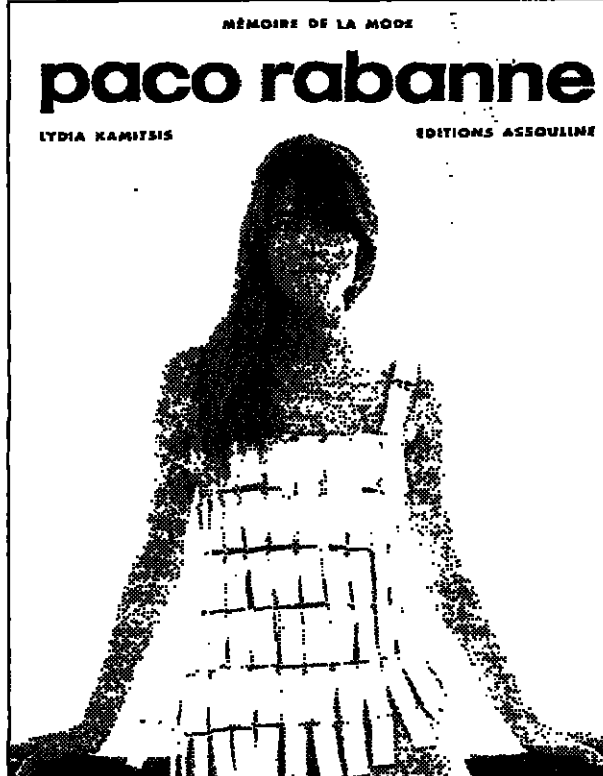
38 — slow
39 Does
40 Eltington and
41 Parts of apples
42 Venomous
44 Swab
46 Backpacker
48 Defensive wall
50 Wall Street type
52 Gang's area
53 Pierre's friend
54 Stockings
55 Armed robber
56 "It's — you!"
58 The "p" of 6p
59 — in a poke
61 Turns right
62 P.L.O.'s Arabist
63 Cowboy Roy's
better half

64 High-quality
writing medium
65 Slanted type
66 Maine resort
67 Hipbones
68 Baseball feature
69 Laud
70 Once, once
71 Tops
72 Flowing tresses
73 Porch chair
craftsman
74 Stanley
Gardner
75 Troubles
76 Aladdin's
treasure
77 The King
78 Quickly
79 Manufacturer
80 James Bond,
c-s
81 Nightclub of
song
82 Place for a
finger?
83 Where Prince
Philip was born
84 MTV fare
85 Preliminary
note in a casino
86 Designer Emilio
expansive
87 Cybermessages
88 Bit of color
89 55-acres,
maybe



© New York Times/Edited by Will Shortz.

Solution to Puzzle of Jan. 5
ACROSS
1 CHAPTER TWO
5 PLOTS FOR, AS A
10 SACRED BIRD OF
14 TOUGH GUY
15 SLIGHT COURTS
16 FISHERMAN'S
17 THE TWILIGHT
18 LILY PONS
20 SMALL BIT
21 DEC. HOLIDAY
22 NOW HAVEN LINE
24 SCOLDS
26 NEWSWOMAN
27 SENG SING
28 MACHINE PART
31 WHERE TO PIN A
34 OLYMPIA
35 SHE'S SUB
36 UNA DECADE HAS
37 MORE RATIONAL
38 — SLOW
39 DOES
40 ELINGTON AND
41 PARTS OF APPLES
42 VENOMOUS
44 SWAB
46 BACKPACKER
48 DEFENSIVE WALL
50 WALL STREET TYPE
52 GANG'S AREA
53 PIERRE'S FRIEND
54 STOCKINGS
55 ARMED ROBBER
56 "IT'S — YOU!"
58 THE "P" OF 6P
59 — IN A POKE
61 TURNS RIGHT
62 P.L.O.'S ARABIST
63 COWBOY ROY'S
BETTER HALF
64 HIGH-QUALITY
WRITING MEDIUM
65 SLANTED TYPE
66 MAINE RESORT
67 HIPBONES
68 BASEBALL FEATURE
69 LAUD
70 ONCE, ONCE
71 TOPS
72 FLOWING TRESSES
73 PORCH CHAIR
CRAFTSMAN
74 STANLEY
GARDNER
75 TROUBLES
76 ALADDIN'S
TREASURE
77 THE KING
78 QUICKLY
79 MANUFACTURER
80 JAMES BOND,
C-S
81 NIGHTCLUB OF
SONG
82 PLACE FOR A
FINGER?
83 WHERE PRINCE
PHILIP WAS BORN
84 MTV FARE
85 PRELIMINARY
NOTE IN A CASINO
86 DESIGNER EMILIO
EXPANSIVE
87 CYBERMESSAGES
88 BIT OF COLOR
89 55-ACRES,
MAYBE



Singer Francoise Hardy in Paco Rabanne swimsuit.



Thierry Perez design for Alaïa's 1991-'92 collection.

Galliano: Wild Boy Dresses Up

International Herald Tribune

PARIS — There is something worthy about people who iron. It suggests a dutiful devotion to duty and a tidiness of mind and surroundings. Not quite the spirit that evokes the hedonistic, romantic, fantastic world of the maverick British designer-turned-French couturier: John Galiano.

So when Galiano is supposed to have said, "When it comes to pressing, I'm the best," it is easy to imagine a subtle misprint in "Galliano," by Colin McDowell (Weidenfeld & Nicolson). Surely fashion's favorite wild boy, who is pictured in many disguises from Heidi braids to Persian prince (complete with jeweled breastplate and cockade), must have said, "When it comes to *dressing*, I'm the best." Certainly the pictures of the fabulous gowns he has created in couture — from gilded crocheted spider webs through Boldini ball gowns — prove that he is as good at dressing up clients as he is himself.

Yet there is something sanitized about this book, which tames the divine madness of Galliano to a few passing references to the London club scene and

never even gives the arresting images the breathing space they deserve.

The brief glimpses behind the scene of the designer's theatrical persona suggest a fascinating tale trying to escape from the mix of potted fashion history ("The thing which makes Paris unique in the world's fashion capitals...") and fashion-speak ("It was, as fashion folk say, a 'moment'").

There is Juan Carlos Antonio Galliano being taught to dance the flamenco on the kitchen table by his Spanish mother, when 6-year old John moved from the Latin warmth of Gibraltar to gray, buttoned-up South London.

Galliano describes himself as a "club demon," mixing with the outrageous Leigh Bowery and Boy George and catching "the frenetic mood of young London in the mid-eighties." More! More!

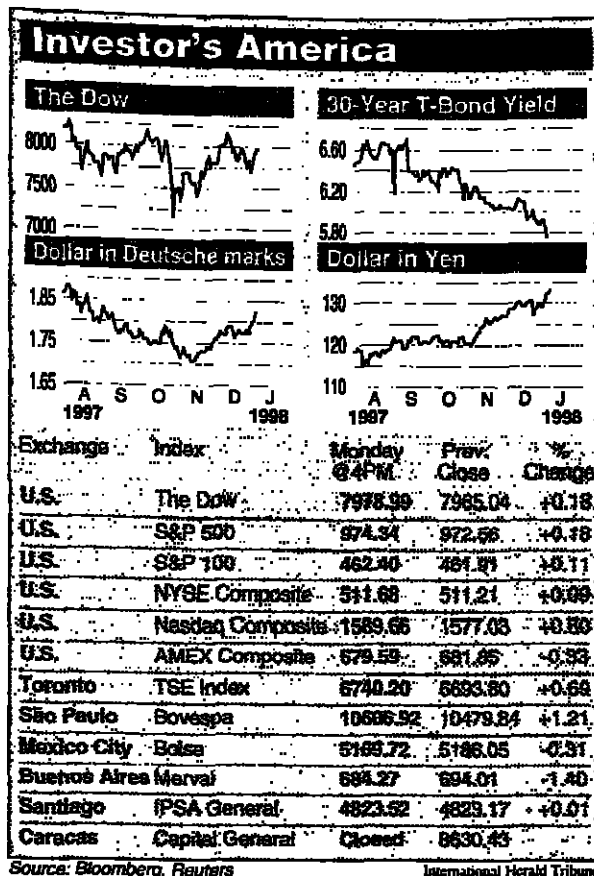
While it is interesting to see how the designer transforms a historic dress into something sexually vibrant and artistically modern, the real Galliano seldom escapes from the cordon sanitaire that McDowell has cast round his subject.



Galliano's Union Jack theme.

Suzy Menkes

THE AMERICAS



Very briefly:

- SBC Communications Inc. said it had agreed to buy Southern New England Telecommunications Corp. for \$4.4 billion in stock in a move to expand its local phone business beyond the southwestern United States.
 - Sara Lee Corp. plans to sell nine U.S. yarn and textile plants to National Textiles LLC for an estimated \$450 million as part of a plan to focus on selling instead of manufacturing undergarments.
 - Bowater Inc., the largest U.S. maker of newsprint, confirmed it was in talks to buy a stake in Halla Pulp & Paper Co.'s newsprint mill in Korea, as it seeks a low-priced Asian investment amid the region's economic turmoil.
 - Sony Corp. said it would form an alliance with Nextlevel Systems Inc., paying \$188 million for a small stake in the maker of advanced digital TV set-top devices.
 - Ford Motor Co.'s chairman and chief executive, Alex Trotman, said he was confident the automaker would report its seventh straight quarter of year-on-year profit increases in the fourth quarter, and post record profits for the full year 1997.
 - Hewlett-Packard Co. plans to unveil a new personal computer with a base price of \$799.
- Bloomberg, Reuters

Weekend Box Office

LOS ANGELES — "Titanic" dominated the U.S. box office over the weekend, with a gross of \$32.2 million.

Following are the Top 10 moneymakers, based on estimates for Friday through Sunday.

		(Weekend Gross)	(Gross to Date)
1. Titanic	(Twentieth Century-Fox)	\$32.2 million	\$141.1 million
2. Tomorrow Never Dies	(United Artists)	\$12.5 million	\$12.5 million
3. As Good As Dead	(Columbia)	\$8.7 million	\$8.7 million
4. The Edge	(Columbia)	\$8.0 million	\$8.0 million
5. The Edge	(Columbia)	\$7.7 million	\$7.7 million
6. The Edge	(Columbia)	\$6.7 million	\$6.7 million
7. The Edge	(Columbia)	\$6.4 million	\$6.4 million
8. The Edge	(Columbia)	\$4.5 million	\$4.5 million
9. The Edge	(Columbia)	\$4.4 million	\$4.4 million
10. The Edge	(Columbia)	\$4.4 million	\$4.4 million

AMEX

Monday's 4 P.M. Close
 The 300 most traded stocks of the day, up to the closing on Wall Street.
 The Associated Press

Stock	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

MacWorld Wonders: What Is Jobs Planning for Apple?

Reuters
 SAN FRANCISCO — As the Macintosh faithful prepare for the MacWorld trade show this week, Mac users, analysts and Wall Street are all wondering if Apple Computer Inc.'s interim chief executive, Steve Jobs, has anything up his sleeve.

At the last MacWorld in August, Mr. Jobs stunned the industry by announcing a \$150 million investment in Apple by its former arch-rival, Microsoft Corp., and a shake-up of Apple's board of directors that included Mr. Jobs joining the board.

As Apple's search for a permanent chief executive takes varying twists and turns, many are hoping Mr. Jobs will pull another surprise at MacWorld, such as announcing he will head the struggling company or will name someone else as chief executive. Despite hopes on Wall Street for positive developments, Apple's shares fell 37.5 cents Monday to close at \$15.875.

But most analysts and Apple watchers do

not expect any major news at the show, which starts Tuesday.

"What Jobs is going to do — who knows? You can't get blood out of a stone," said Lou Mazzucchelli, an analyst at Gerard, Klauer Mattison, adding that he did not expect a chief executive to be named. "I'm not expecting to hear anything. I would be very surprised but you can't rule it out."

Apple has been looking for a chief executive since July, when the former head, Gil Amelio, was ousted by its board.

Because Mr. Jobs is known for making dramatic announcements, analysts said they could not be against the element of surprise. But they noted that the rumor mills were especially quiet in Silicon Valley, especially because, like many companies there, Apple had been technically shut from Christmas Eve until the New Year.

Analysts said that one of the biggest product announcements expected was the first upgrade in almost two years of Microsoft

Corp.'s office suite of applications for the Macintosh.

"Mac users will get a very powerful tool — that to me is the biggest news of the show," said Tim Bajarin, president of Creative Strategies Inc. of San Jose, California. "I think we will hear a progress report from Steve. He will also talk about the on-line store, how sales are doing. He will use it as another rah-rah rallying point. I am positive they will not announce a CEO."

Instead, Apple will trot out actors, athletes and thinkers who will be touting the Mac for those who "Think Different," including the actor Gregory Hines, the heavyweight champion Muhammad Ali, the Nobel Prize winner Donald Glaser and the actress Jennifer Jason Leigh.

In this separate keynote, these celebrities will demonstrate how they are using Apple technology in their creative lives, tying in with Apple's new advertising campaign and slogan.

International Business Machines Corp.

was also expected Monday to unveil a faster PowerPC processor, a 275 megahertz version of the PowerPC.

Other news will include software updates, announcements on Rhapsody, Apple's next-generation operating system and the announcement of the next version of the Mac operating system, version 8.1.

Apple already launched a slew of new Power Macintoshes in November, based on the G3 PowerPC processor and at the same time announced it was selling Macs over the Internet. Analysts said the new Macs were selling well, but that sales of the older Macs had stalled and further price cuts were expected to reduce the inventories at some dealers.

Apple will report its first-quarter earnings Jan. 14. Wall Street expects the company to report a loss of six cents a share, but some analysts are hoping for break-even earnings.

Stocks Rise on Outlook for Low Interest Rates

NEW YORK — Stocks rose Monday, led by shares of J.P. Morgan and semiconductor makers such as Intel, as record-low yields on the benchmark U.S. 30-year bond raised the likelihood that share prices will continue their record run in 1998.

The Dow Jones industrial average rose 13.95 points to close at 7,978.99 after rising to 8,022.59, its first time above 8,000 since Dec. 17. The 30-year bond yield dropped to 5.74 percent, its previous record-low yield, 5.78 percent, came on Oct. 15, 1993. That was when the Dow traded at 3,629.73.

Advancing issues outnumbered decliners by a narrow margin on the New York Stock Exchange, where volume was up sharply from Friday's anemic post-holiday pace.

Among broader market indexes, the Standard & Poor's 500 rose 2.09 points to 977.09, while the Nasdaq composite index rose 12.60 points to 1,589.66.

The yield on the bond dropped after the chairman of the Federal Reserve Board, Alan Greenspan, suggested that the central bank's next move could be to lower interest rates. Investors said falling rates would help improve the attraction of stocks if weak overseas economies dent U.S. profit growth.

"Lower interest rates justify higher share prices," said Timothy O'Grady of First Capital Group, a unit of First Union National Bank. "A drop in borrowing costs would help offset any disappointments we

get on the earnings front."

Falling yields make returns on stocks more attractive, while sliding borrowing costs help companies save money when financing their business. Meager inflation and falling borrowing costs have under-

U.S. STOCKS

pinning a three-year rally that more than doubled the value of the Dow industrials.

Among the most active stocks, ConAgra fell after Nori Ghez, a Goldman Sachs & Co. analyst, removed the food company's stock from the firm's "recommend list," lowering her investment opinion to "market perform."

Banks, whose profits benefit from interest rates are low and borrowing is brisk, paced the market's advance. J.P. Morgan, Citicorp, Bankers Trust New York, Republic Bank of New York and Bank of New York all rose.

Sun Microsystems, which was higher, may rise 50 percent to 60 this year after withstanding Microsoft Corp.'s entry three years ago into the computer networking software market, according to Goldman Sachs & Co. technology analyst Laura Conigliaro, Barron's reported.

Semiconductor shares gained, extending a five-day rally. Dataquest, a research company based in San Jose, California, that specializes on the computer industry, said the semiconductor market probably rebounded back with positive growth in 1997. Dataquest estimates that revenue for the industry reached \$150 billion last year.

The Philadelphia Semiconductor Index rallied 4.05 points to 279.08. Intel and Applied Materials both were higher.

Regional telephone company stocks fell, with Bell Atlantic, BellSouth, Ameritech and U.S. West Communications Group among the decliners. Last week, a federal court in Dallas struck down parts of the Telecommunications Act that hindered the Baby Bell telephone companies from offering long-distance phone service to customers in their region. (Bloomberg, AP)

Netscape Warns It Faces Big Loss

REUTERS
 MOUNTAIN VIEW, California — Netscape Communications Corp. shares fell Monday after it warned of a fourth-quarter loss of up to \$89 million and said it would close some operations and slash jobs to focus on software development.

The maker of the Internet browser Netscape Navigator said the loss resulted partly from slow growth. It said the loss would include \$35 million to account for the restructuring and \$52 million in charges related to its acquisition of Acta Corp. and Kiva Software. Netscape shares closed Monday at \$18.5625, down \$4.8125.

DOLLAR: Investors Seek Safety of U.S. Assets Amid Fears of Falling Prices

Continued from Page 1

States," such as the planned introduction of a single currency and the effects the Asian crisis will have on European economies.

Mr. Sullivan noted that European banks have heavier exposure to South Korea than their American counterparts, and questions remain about what impact Seoul's debt problems will have on other countries.

Much of the money flowing into dollars Monday found its way into the Treasury bond market, where the yield on the bellwether 30-year issue fell to 5.74 percent from 5.85 percent on Friday, Monday's yield

was the lowest since the government began regular issues of 30-year bonds in 1977.

While Mr. Greenspan's comments about deflation buoyed the bond market, Mr. Sullivan said it was demand for dollars that was respon-

FOREIGN EXCHANGE

sible for the big gains, "not the other way around." Even with the falling yields, U.S. credit-market investments have higher returns than those of many other major currencies.

In Germany, for example, "they have a call-money rate of 3.30 per-

cent," Mr. Sullivan said, which is far below the roughly comparable 5.50 percent target on federal funds, the overnight interbank loan rate in dollars. The high level of federal funds relative to the 30-year bond means the Fed is now considered unlikely to raise interest rates and may be inclined to cut them, analysts said.

For the 30-year issue, Mr. Sullivan said the yield could fall to as low as 5.50 percent by February. Looking further ahead, Mr. Yardeni said the return would be 5.00 percent at the end of this year and 4.00 percent at the end of 1999, with the federal funds rate falling to 3.00 percent.

In fact, Mr. Yardeni is predicting a U.S. recession because of the de-

flationary pressures he sees and the effect on the economy of the Year 2000 problem, in which some computer programs will malfunction because they will not recognize the turn of the millennium.

The fallout from Asia means that not all bond prices will benefit, Mr. Sullivan said, noting that those issued by corporations with exposure to the region are likely to come under pressure.

Against other major currencies, the dollar rose to 6.095 French francs from 6.0346 francs Friday, and to 1.4823 Swiss francs from 1.4560 francs. The pound fell to \$1.6395 from \$1.6487.

U. S. STOCK MARKET DIARY

Index	High	Low	Open	Close
Dow Jones	7978.99	7965.04	7965.04	7978.99
S&P 500	974.54	972.66	972.66	974.54
S&P 100	462.40	461.81	461.81	462.40
NYSE Composite	511.68	511.21	511.21	511.68
Nasdaq Composite	1589.66	1577.03	1577.03	1589.66
AMEX Composite	579.59	581.55	581.55	579.59

Most Active	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

Standard & Poor's	High	Low	Open	Close
Industrials	462.40	461.81	461.81	462.40
Utilities	25.00	24.50	24.50	25.00
SP 500	974.54	972.66	972.66	974.54
SP 100	462.40	461.81	461.81	462.40

NYSE	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

Nasdaq	High	Low	Open	Close
Industrials	1589.66	1577.03	1577.03	1589.66
Utilities	1589.66	1577.03	1577.03	1589.66
Nasdaq	1589.66	1577.03	1577.03	1589.66
SP 500	974.54	972.66	972.66	974.54
SP 100	462.40	461.81	461.81	462.40

AMEX	High	Low	Open	Close
Industrials	579.59	581.55	581.55	579.59
Utilities	579.59	581.55	581.55	579.59
AMEX	579.59	581.55	581.55	579.59
SP 500	974.54	972.66	972.66	974.54
SP 100	462.40	461.81	461.81	462.40

Dow Jones Bond	High	Low	Open	Close
20 Bonds	102.50	102.50	102.50	102.50
10 Utilities	102.50	102.50	102.50	102.50
10 Industrials	102.50	102.50	102.50	102.50

Trading Activity	High	Low	Open	Close
NYSE	102.50	102.50	102.50	102.50
Nasdaq	102.50	102.50	102.50	102.50
AMEX	102.50	102.50	102.50	102.50

Dividends	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

REVERSE STOCK SPLIT	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

INCREASED	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

REGULAR	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

Jan. 5, 1998

High	Low	Open	Close
IBM	120	119	119
Microsoft	75	74	74
Apple	45	44	44
Oracle	35	34	34
Sun	25	24	24
Intel	20	19	19
Motorola	15	14	14

Grains	High	Low	Open	Close
Wheat	1.20	1.19	1.19	1.19
Corn	1.20	1.19	1.19	1.19
Soybeans	1.20	1.19	1.19	1.19
Wheat	1.20	1.19	1.19	1.19
Corn	1.20	1.19	1.19	1.19
Soybeans	1.20	1.19	1.19	1.19

Metals	High	Low	Open	Close
Gold	380.00	379.00	379.00	380.00
Silver	10.00	9.99	9.99	10.00
Copper	1.20	1.19	1.19	1.19
Aluminum	1.20	1.19	1.19	1.19
Zinc	1.20	1.19	1.19	1.19
Nickel	1.20	1.19	1.19	1.19

Oil	High	Low	Open	Close
Crude	20.00	19.99	19.99	20.00
Heating Oil	1.20	1.19	1.19	1.19
Gasoline	1.20	1.19	1.19	1.19
Crude	20.00	19.99	19.99	20.00
Heating Oil	1.20	1.19	1.19	1.19
Gasoline	1.20	1.19	1.19	1.19

Financial	High	Low	Open	Close
IBM	120	119	119	119
Microsoft	75	74	74	74
Apple	45	44	44	44
Oracle	35	34	34	34
Sun	25	24	24	24
Intel	20	19	19	19
Motorola	15	14	14	14

INTERNATIONAL FUTURES

High	
------	--

NYSE

Monday's 4 P.M. Close

The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month High Low Stock Div Yld PE 100 High Low/Latest Chgs

		A-C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
--	--	-----	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Reed Elsevier Sells 74-Title Magazine Unit

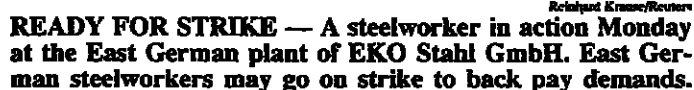
Equity funding is being provided by Cinvén's clients. Paribas, ABN-AMRO and Greenwich Street Capital, an affiliate of Travelers Group Inc. Goldman, Sachs & Co. arranged to underwrite all of the debt finance, Cinvén said.

The net assets sold with the business, including goodwill, are worth approximately \$230 million. After appropriate tax provisions and selling costs, the net proceeds are expected to be in the order of \$750 million, Reed said. (Reuters, AFX)

Inc. and has started providing domestic long-distance and international telecommunications services. (Bloomberg, AFP)

- Beetles were the first cars for

"Maybe the people who belong to the Sierra Club who aren't rich enough to buy an EV-1 electric car will buy a Beetle," said David Leary, an auto analyst at Burnham Securities. He predicts most buyers will use the new Bug as a second or third car.



The ban dealt a blow to French efforts to reach audiences in the

transmission services, is jointly owned by 21 Arab states.

من الاموال

Advertisement **INTERNATIONAL FUNDS** January 5, 1998

available on Internet: <http://www.ihf.com/ihf/fund/fund.html>
 Questions supplied by fund groups to International Funds, 1-201-40 28 00 00, email: info@ihf.com
 For information on how to list your fund, see Key Hour at (83-1) 41 43 92 12 or E-mail: funds@ihf.com
 To receive free daily quotations for your funds by E-mail: subscribe at funds@ihf.com

101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------

101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------

Globaleyes



Global markets, global communications, global technologies... the trend seems to be to globalize pretty well everything.
So how on earth do you keep on top of daily developments? Through the global eyes of the International Herald Tribune.

THE WORLD'S DAILY NEWSPAPER

SPORTS

Montgomerie Wins Rapid \$1 Million

The Associated Press
SCOTTSDALE, Arizona — Colin Montgomerie beat David Love 3d, 2-up, in the hole match-play final of the Andersen Consulting World Championship of Golf.

"I'm not saying it's the year of the Monty, but it's a very good start — to come to America and beat two major champions of golf and two players ranked ahead of me and two players I highly respect," said Montgomerie, who beat Eric Els in the semifinal.

Montgomerie earned \$1 million in the match-play competition.

For a while Sunday it looked as if Montgomerie was about to suffer an embarrassing collapse.

Love, who was 4-down with four holes to play, halved his deficit with a 10-foot (3-meter) birdie putt on No. 33 and a 25-footer on No. 34.

Montgomerie, the event's European champion, then 3-putted for bogey on No. 35 for a 2-up lead going into the final hole: the par-5 18th where Love hit the flagstick in the hole.

This time, Love pulled his second shot left and was 60

feet from the pin, while Montgomerie lofted his 3-iron shot within 10 feet. Love's putt veered left and went past the cup by 10 feet. He conceded the match to Montgomerie, who joins Barry Lane of England and Greg Norman of Australia as Andersen Consulting champions.

The \$1 million check matched the biggest payday for Montgomerie, the leading money winner on the PGA European Tour for a record five consecutive years.

Love got \$500,000, which topped the \$470,000 he received for winning the 1997 PGA Championship.

Els easily beat Meshiai 4 and 3 in the 18-hole match for third place. Els earned \$350,000; Meshiai got \$300,000.

The \$3.65 million event at Grayhawk Golf Club culminated a yearlong, single-elimination tournament featuring 32 of the world's top players. Beginning in 1999, it will be played in February at La Costa in Carlsbad, California, as part of the four-event World Golf Championships. The renamed Andersen Consulting Match Play will feature a 64-man field based on the official world golf rankings.



Ylva Nowen leaning into a turn Monday in Bormio, Italy, as she won her fourth consecutive World Cup slalom.

Nowen Turns 28 With a Slalom Victory

BORMIO, Italy — Ylva Nowen celebrated her 28th birthday on Monday by winning her fourth consecutive women's World Cup slalom.

Nowen, a Swede who, in seven years on the circuit, had not won a race before this season, triumphed in a combined time of one minute 27.81 seconds after Urska Hrovat of Slovenia crashed on the second run.

The two were tied after the first run. Hrovat skied after Nowen in the second run, matched the Swede's time split and was pushing hard when she leaned heavily into a gate in sight of the finish line

and slid out. "When I saw Hrovat was level at the intermediate time I thought she'd beat me," Nowen said. "I don't know where she went wrong, but the next thing I knew she'd fallen."

Hilde Gerg of Germany took second place in 1:28.53 after a brilliant performance on the lower part of the piste in the second run.

Gerg, whose best performance in a World Cup slalom before this season was ninth four years ago, was 13th after the first run and was trailing at the time split in her second run. "I just thought: 'You've got nothing to lose. Go for it, even if you crash out,'" she said.

Gerg's podium finish brought her closer in the overall World Cup standings to a teammate, Katja Seizinger, who finished 13th in 1:29.26.

Seizinger leads with 931 points to Gerg's 754. Nowen, who is way ahead in the slalom standings, is third overall with 633. Spela Pretnar of Slovenia finished third in 1:28.58.

Deborah Compagnoni, the double Olympic champion who comes from nearby Santa Caterina, was fourth after the first leg and led at the intermediate stage in the second but faded badly and finished 12th in a combined time of 1:29.18.

Australian Takes 300th Wicket as South Africa Falls

Compiled by Our Staff From Dispatches

SYDNEY — Shane Warne claimed his 300th wicket in test cricket Monday as Australia beat South Africa by an innings and 21 runs in the second test.

When the Australian leg-spinner bowled Jacques Kallis for 45, he became only the 13th man in test history to reach the milestone and completed a disastrous day for the tourists.

Warne took six wickets as South Africa was all out for 113 runs in its second innings.

South Africa's defeat was delayed for three hours because of a heavy downpour, but Australia wrapped up the innings after the umpires brought the teams back onto the field late in the day.

Play was possible in the murky light because of the floodlights, and it was raining when pace bowler Paul Reiffel wrapped up the innings at 7.10 P.M. local time. Australia took a 1-0 lead in the three-test series.

Warne gave a mesmerizing performance and took 11 wickets in the match for 109 runs.

Warne has taken 300 wickets in 63 tests at an average of 23.56.

The South Africans were

simply unable to cope with Warne, who was engulfed by teammates when he captured Kallis's wicket.

Only Kallis, whose century earned South Africa a draw in the first test in Melbourne last week, showed any application before he became the eighth wicket to fall.

It was the fourth time Warne has taken 10 wickets in a test match and his 14th five-wicket haul.

Australia has resumed the day on 392 runs for nine wickets in its first innings and added 29 more runs to reach 421 all out.

Reiffel and Glenn McGrath, Australia's fast bowlers, took two early wickets before Warne came on. In quick succession, he removed the South African captain Hansie Cronje, Herschelle Gibbs, Brian McMillan, Shaun Pollock and wicket-keeper Dave Richardson.

Taylor contributed to Pollock's downfall by holding a catch at slip, the 50th time Taylor has combined with Warne to dismiss a batsman in test cricket.

At the age of 28, Warne became the second-youngest bowler behind retired India all-rounder Kapil Dev to take 300 test wickets.

(AP, Reuters)



Shane Warne of Australia celebrating his milestone.

Blackhawks' Hex Still Stops Detroit

The Associated Press
The Detroit Red Wings may be the Stanley Cup champions, but they still struggle against the Chicago Blackhawks.

Tony Amonte scored the winning second goal with 12:52 left Sunday night as

NHL ROUNDOUP

Chicago scored a 3-1 victory over the defending league champions.

The Blackhawks have won one and tied one against the Red Wings this season. Last season, Chicago won three, tied two and lost only one against Detroit.

Amonte's goal came on a perfect pass from Jeff Shantz. Jeff Hackett made 25 saves, and the defense rarely let the high-scoring Red Wings get into the clear.

Shantz got into Detroit's zone by fighting through Bob Rouse's check along the boards and threaded a pass past two defending players to Amonte's stick in the right circle. Amonte lifted the puck over diving goaltender Chris Osgood for his first goal in nine games.

Alex Zhamnov added an empty-net goal for Chicago,

scoring for the fourth straight game. Kevin Miller also scored for the Blackhawks, who are 5-1-2 in their last eight games, with Hackett allowing only eight goals. Sunday, he allowed only Brendan Shanahan's power-play goal.

Until Sunday's defeat at Chicago, coming after Friday's loss to San Jose, the Red Wings were the only NHL team that had not lost consecutive games.

Mighty Ducks 3, Panthers 3 In Miami, Teemu Selanne scored his league-leading 33d goal of the season with 39.1 seconds left in regulation time to give Anaheim a tie with Florida. Selanne scored after the Ducks pulled goalie Guy Hebert to get six skaters on the ice.

Kings 3, Oilers 2 In Edmonton, Ray Ferraro scored with 4:17 left in the third period as the Los Angeles Kings rallied to beat the Oilers.

Edmonton has lost five straight at home and is winless in its last eight games overall.

Roman Hamrlik's power-play goal put the Oilers up 2-1 early in the third period, but Kings defenseman Garry Galley tied it with seven minutes left.

South Africa Beats U.S. in Hopman Cup

The Associated Press

PERTH, Australia — Amanda Coetzer, the world No. 4 from South Africa, was steamrolled Monday by Chanda Rubin of the United States, 6-2, 5-7, 6-1, in mixed doubles.

Rubin did not think she was as good as the score line suggested.

"I wasn't quite there," Rubin said. "I'll need to get my first serve percentage up if I want to compete as well as I need to at the Australian Open."

Earlier, Carlos Moya, the world No. 7 from Spain, looked weary as he started his Australian Open buildup by losing in straight sets to Karol Kucera of Slovakia, 7-5, 6-4. Moya was defeated in the finals of the Australian Open last year.

Moya's teammate, Arantxa Sanchez Vicario, beat Karina Habsudova, 6-2, 6-3, and was the strongest player in the mixed doubles, which the Spaniards won, 7-6 (7-3), 6-1.

"I was very lucky because I was with one of the best doubles players in the world," Moya said. "She played better than me."

It was Moya's first mixed doubles match. Sanchez Vicario has won 55 doubles titles, including six Grand Slam doubles and three Grand Slam mixed doubles.

Moya will play Pat Rafter of Australia in the next round of the Hopman event.

the United States and South Africa. But Ferreira came from a set down to beat Jonathan Stark, 3-6, 6-3, 6-4, and then Ferreira and Coetzer beat the Americans, 6-2, 5-7, 6-1, in mixed doubles.

Rubin did not think she was as good as the score line suggested.

"I wasn't quite there," Rubin said. "I'll need to get my first serve percentage up if I want to compete as well as I need to at the Australian Open."

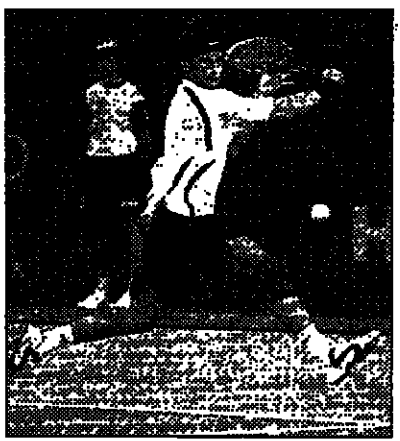
Earlier, Carlos Moya, the world No. 7 from Spain, looked weary as he started his Australian Open buildup by losing in straight sets to Karol Kucera of Slovakia, 7-5, 6-4. Moya was defeated in the finals of the Australian Open last year.

Moya's teammate, Arantxa Sanchez Vicario, beat Karina Habsudova, 6-2, 6-3, and was the strongest player in the mixed doubles, which the Spaniards won, 7-6 (7-3), 6-1.

"I was very lucky because I was with one of the best doubles players in the world," Moya said. "She played better than me."

It was Moya's first mixed doubles match. Sanchez Vicario has won 55 doubles titles, including six Grand Slam doubles and three Grand Slam mixed doubles.

Moya will play Pat Rafter of Australia in the next round of the Hopman event.

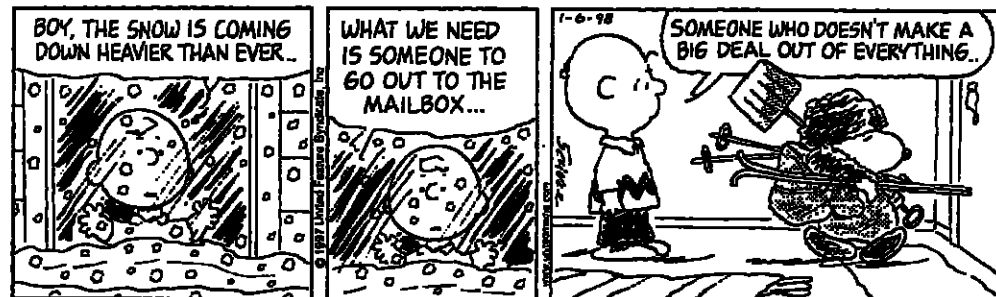


Karol Kucera hitting a backhand to Carlos Moya in the Hopman Cup.

DENNIS THE MENACE



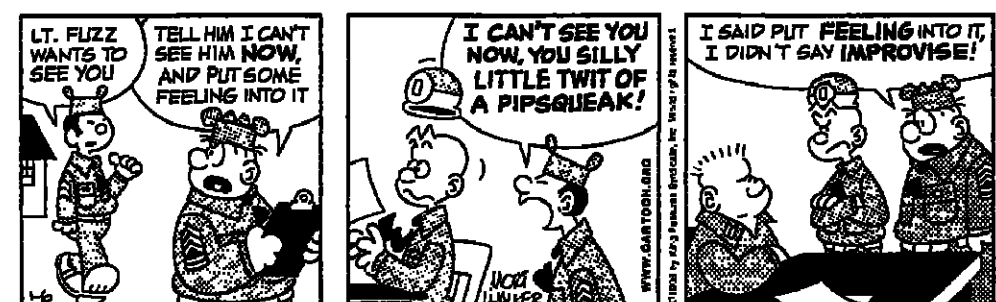
PEANUTS



GARFIELD



BEETLE BAILEY



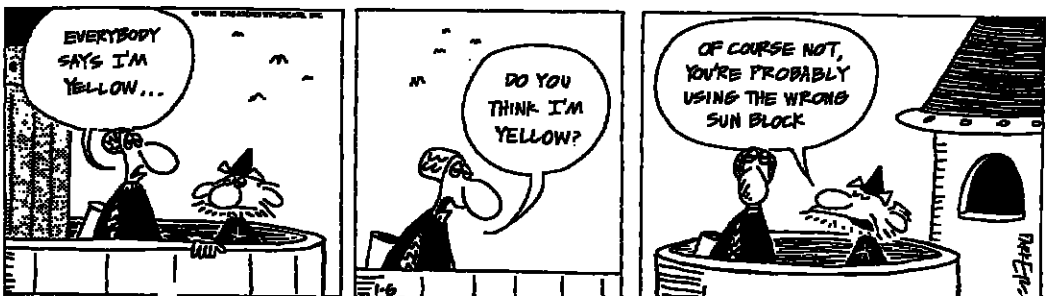
BLONDIE



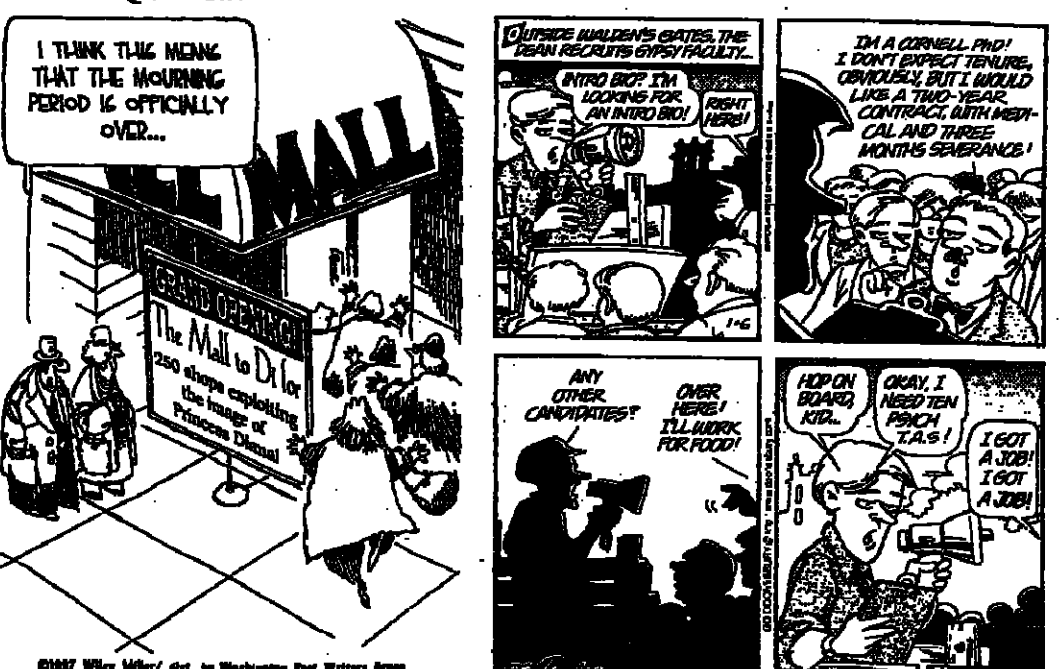
CALVIN AND HOBBES



WIZARD of ID



NON SEQUITUR



DOONESBURY



JUMBLE
That Scrambled Word Game
by David Arnold and Mike Hughes
Unscramble these four jumbles, and you'll have a word to use in your vocabulary.

CURCO
INJOT
DITORR
WAHIE

Now arrange the jumbled letters to form the complete words, as suggested by the word cards.

Answer here: C O U R T E S Y
J A N U A R Y
F E B R U A R Y
M A R C H
A P R I L
M A Y
J U N E
J U L Y
A U G U S T
S E P T E M B E R
O C T O B E R
N O V E M B E R
D E C E M B E R

FRIENDSHIPS
Appears every Saturday in
The International. To advertise contact
Gisela Brannucci
in our London office:
Tel.: +44 1 71 420 0327
Fax: +44 1 71 420 0338
or your nearest IHT office
or representative.

ART BUCHWALD

Sleepy Children

WASHINGTON — A gaggle of parents was sitting around talking about what else? — our children.

Ralph Benowitz asked, "How many hours of sleep do your children need when they are home on vacation?"

"At least 20," I said. "They're never awake when we're up. They must go out at night when we're asleep."

Ralph said, "Our kids are very reasonable unless we wake them up before noon, even if they have a telephone call. They want us to take the message or at least tell the caller that they can't be disturbed."

Angela Peabody said, "I always worried that Sally wouldn't get enough sleep. But ever since she started going to Stanford, I worry that she's getting too much."

We all agreed that the main reason kids slept until 2 in the afternoon was to avoid doing chores around the house.

Lily Bradley said, "The only thing I really object to is

serving breakfast at lunchtime."

"Do your kids talk to you when they get up?" I asked Dick Slinger.

He said, "Sometimes yes, sometimes no. It depends on what kind of evening they've had. My daughter found out that her boyfriend had dated another girl so she didn't talk to me for two days."

Alfred Metzger told us he thought rap music would get his kid going. "I did an experiment. I started to play the music outside his door at 8 in the morning, but there was no movement inside his room. When I mentioned it later he said, 'I heard it, but it only made me more sleepy.'"

Dr. Kaufmann, our neighborhood M.D., said, "Students firmly believe that if they get no sleep at school, they can make it up on vacation. After they pay their respects to their parents the first day home, they usually hide out in their rooms for the rest of the holidays. This is especially true if they have their own telephone."

Cary Walters said, "My Edith slept yesterday until 2 in the afternoon. I became disturbed and found her in her room, staring at the ceiling. When I asked her what she was doing she answered, 'Counting my blessings.'"

"Has anyone had a child who slept through Christmas?" I asked.

"No, why?"

"I have. When he came downstairs and saw that all the presents had been opened he said, 'Why didn't someone call me?'"

We all decided that a well-rested child was a plus, as opposed to one who was wide awake at night at the wheel of his car on the highway.

Honoring the Vanquished in the French Ratings

By John Vinocur
International Herald Tribune

PARIS — Nothing special here: Ratings dip for a television station's main evening news program, a different news director takes over, and the anchorman is bounced. It happens.

But three months after he disappears from the TV screens, the anchorman rises to the edge of the top 10 in his countrymen's ratings of who they like the best and consider counts the most, alongside pop singers, the actor Gerard Depardieu and Abbe Pierre, a priest who has the status of a national Mother Teresa. The fired anchorman's head-to-head rival on the other main channel, whose conviction for pocketing cash and lavish gifts from the crooked son-in-law of a disgraced politician is upheld by an appeals court, places 38th in the popularity poll. But his TV audience ratings have never been stronger.

"The French honor the vanquished," says Bruno Masure, the anchorman without a job, groping for an explanation, but realizing he is clarifying nothing. He smiles the same half-smile that made a career, that, whatever the prompter's text, said night after night to the millions and millions. I don't believe this stuff any more than you do.

It is probably not excessive to say that this country, rich but insecure in a world increasingly impervious to its astuteness, often finds more empathy for the ironies of failure than the bluntness of too simple success. The French can distrust most everything, television news included, but losers get suspected less.

Look at Jacques Chirac: In one of the all-time ill-advised political moves, he dissolved the National Assembly when he had a majority vast enough for an Idi Amin or a General Trujillo, blew the election he concocted himself, and lost most of his presidential levers in the process. But his popularity rose afterward, and is blipping upward

again, a crocus pushing through the boards of a burned-out palace. Eric Cantona quit soccer, virtually dropped out and rose six places in the poll published Sunday in the Journal du Dimanche.

Unlike the president, who came in 29th in the rankings, and does not talk much about how he came to grief, Masure, in 11th place, is rather open about the circumstances of his downfall, a little amused by his enormous spurt in popularity as designated victim, and not adverse to pushing the idea that he was brought down by the combined forces of television's crassness and the world of politicians.

He says, "People write or come up to me and say, 'You, at least, you had a little look in your eye that said you kept your distance from all their speeches and all their agitation.' I have the very good feeling of not having worked completely for nothing because people got it. So maybe the popularity poll has something to do with this. Of course, it's completely stupid that I'm 20 places ahead of [Prime Minister Lionel] Jospin. You've got to take it for what it is. Yet television is an enormous magnifying glass and the audience knows whether you're more or less sincere. In my case, people just didn't understand what happened to me. Did Bruno do something wrong?"

The simplest version of Masure's demise was that the French main state television channel, France 2, saw little chance of gaining ground on its privately owned competitor, TF1, with the 50-year-old Masure continuing as anchor.

There seemed to be no more yield in his puns, in his ironic smile, or in what he claimed was an approach to the news that tried to turn



Bruno Masure, dismissed anchorman, has risen in popularity polls.

its back on show biz and junk. In a very politicized little world, he had no pots in his corner, over the years, they had complained he offered them access to no air time.

What Masure did not like in particular, "maybe I have another chromosome structure," Masure says — was focusing all the station's attention on so-called big stories, such as the death and funeral of Diana, Princess of Wales, or anchoring the nightly program from supposed breaking-news locations like Hong Kong Harbor or

the Western Wall in Jerusalem. "We doing a circus number in front of a historical monument? No. I know I'm completely in the minority on this. Dan Rather and the others do it. As soon as Saddam Hussein belches, they're off to Baghdad."

We did unbelievable things on Lady Di. We put on an eyewitness who had seen nothing, who was in a hotel room. We did absolutely scandalous stuff on the level of professional ethics. But I was in the minority in my own house. I said I

was wrong when I saw how the world was devastated by Lady Di, but frankly couldn't believe it."

The only route to survival for the channel, supported in part by a tax on owners of television sets, but also from advertising revenues won away from TF1, was in emphasizing its differences. Masure argued. He didn't win. His replacement, in the meantime, has lost further ground to the opposition and its anchorman, Patrick Poivre d'Arvor, during a year when he was fined for assaulting a photographer, and when a court reaffirmed his 15-month suspended sentence for taking money and gifts from the jailed son-in-law of the former mayor of Lyon. When he is asked how he looks at being off the air while Poivre d'Arvor's program has gained in strength, Masure replies:

"Those zappers work. People know how to use them. They preferred TF1. We never knew how to resolve the problem. We should have stressed our difference. Then he adds, referring to Poivre d'Arvor, 'It's a mystery for everyone. If the French press didn't find it strange or scandalous, why should French public opinion, which has other things on its mind, get worked up about it?'"

One of many very nice things about France, Masure suggests, is that it tends to be so forgiving that its losers virtually always land on their feet. He says he is thinking about writing or maybe doing radio. Besides, Masure points out, he can think of only a single anchor on French television in the last decades who left the job on his own schedule. That person, it is noted, does not figure on the list of the country's 50 most popular personalities.

Exhibition Honors Winston Churchill

LONDON — A large exhibition of Winston Churchill's paintings opened Monday.

The London auction house Sotheby's is displaying more than 100 Churchill paintings, broad brushstroke canvases depicting scenes from Cannes to Cairo. The exhibition celebrates the 50 years since Churchill's election by Britain's Royal Academy as an honorary academician extraordinary.

MOVIES

Satire Revived: What Did You Do in the War, Hollywood?

By Stephen Holden
New York Times Service

NEW YORK — The Gulf War may have failed to drive President Saddam Hussein of Iraq out of office in 1991, but it certainly didn't hurt the popularity of its most vocal proponent, President George Bush. The war proved an instant political windfall, spiking up his approval ratings and banishing forever any lurking suspicions that he may have been, God forbid, a wimp.

This rosy political scenario wasn't lost on Hollywood. In 1995, Michael Moore, the filmmaker best known for his documentary "Roger and Me," wrote and directed "Canadian Bacon," a buffoonish political satire starring John Candy, in which the United States rattles its sabers at Canada in a ridiculous attempt to boost presidential popularity.

Alan Alda is the meaty-mouthed president given to making unfortunate statements like, "It's time to turn off the war machine and turn on our children." Done in the goofy slapstick style of a "Saturday Night Live" sketch, the comedy was too broad to threaten anyone, and the movie flopped.

Now comes Barry Levinson's "Wag the Dog," a cooler and smarter variation on the same theme, done this time in a crisp deadpan style and with much bigger stars (Dustin Hoffman and Robert De Niro).

The movie, which has a wickedly funny screenplay by Hilary Henkin and David Mamet, offers a vision of entertainment bigwigs collaborating with amoral yuppie careerists (especially Anne Heche as an achingly efficient presidential adviser) that would be chilling if it weren't so funny.

In "Wag the Dog," an unscrupulous presidential handler (De Niro) reaches out to a proven master of grand illusion — a Hollywood producer named Stanley Moss (Hoffman) — to stage a fake war on television to boost the president's soon-to-sag approval ratings.

It is 11 days before Election Day, and the president has just been accused by an under-age girl of sexual molestation right in the Oval Office. What better distraction from this political catastrophe-in-the-making than a timely, winnable little war in which no one gets hurt?

In its satirical acuity, "Wag the Dog" eclipses



Robert De Niro, left, and Dustin Hoffman in "Wag the Dog."

even "Network" (1976), Sidney Lumet's bitterly funny attack on the plug-in drug and American yahoos, which until now was as bold a satire of media power as Hollywood had produced.

How acidic do movie audiences like their satire? Hollywood has traditionally remained so wary of full-scale satire that it has rarely bothered even to test the waters. But the box-office performance of "Wag the Dog," which opened in the United States on Christmas Day and has so far attracted a respectable number of viewers, should provide some clues, because the movie pokes fun not only at presidential handlers and Hollywood hucksters but also at a sheeplike American public.

Underneath its outrage, "Network," in which a visionary madman becomes a television star and rouses the masses to take up his slogan, "I'm mad as hell and I'm not going to take it anymore," espoused a sentimentalized populist view of the relationship between news media and the American public. The American public, the film imagined hopefully, really understands that much of what television supplies it is the mental equivalent of toxic baby food. All we need to be wakened from our collective stupor is a mad prophet to arouse us.

"Wag the Dog" has no such illusions. No sooner has the president initiated an undeclared war against Albania, of all places, than that poor little country is

instantly demonized as a hotbed of anti-American terrorism. The first television news images unleashed by the campaign (all contrived through Hollywood-style casting and the computer-doctoring of segments filmed on a sound stage) show an anguished young girl running across a burning bridge.

There's just one hitch: The Central Intelligence Agency, which has not been let in on the scheme, discovers that the war is a fake and is miffed. A premature peace agreement is announced. Then, in one final, inspired attempt to keep the jingoistic fever alive until Election Day, a war hero is invented — a lone American soldier who has been discovered behind the lines and whose glorious homecoming is ballyhooed as a major media event.

But Sergeant William Schumann (Woody Harrelson), the man selected to play the hero, turns out to be psychotic and proves far less manageable than his handlers expected. Even a control-freak movie producer sometimes makes mistakes. And in the world of "Wag the Dog," when people prove uncontrollable, they must be eliminated.

"Wag the Dog," like "Network," and to a lesser degree, the recent "Devil's Advocate," in which Satan runs the world's greediest, most amoral law firm, knows who its targets are. They are the people who have power over imaginations through advertising, television, movies and, in the case of law, flamboyant showmanship.

In varying degrees, these movies are revenge fantasies; they gratify our envious wish that the rich and the powerful pay for their privileges with the loss of their souls. And in the world of "The Life Styles of the Rich and Famous," in which every profession seems to generate its own Hot 100 roster of top movers and shakers, it often looks that way. The rankings are based on power, not on the quality of product.

Since mainstream filmmakers have been notoriously reluctant to ridicule their own profession, "Wag the Dog" shows a certain nerve in making Stanley Moss such a myopic Hollywood provincial. Instead of a sweeping indictment of politics as show business, the movie ends with a punch line that for all its cleverness has the force of a Hollywood in-joke.

Even a control-freak movie producer sometimes makes mistakes. And in the world of "Wag the Dog," when people prove uncontrollable, they must be eliminated.

"Wag the Dog," like "Network," and to a lesser degree, the recent "Devil's Advocate," in which Satan runs the world's greediest, most amoral law firm, knows who its targets are. They are the people who have power over imaginations through advertising, television, movies and, in the case of law, flamboyant showmanship.

In varying degrees, these movies are revenge fantasies; they gratify our envious wish that the rich and the powerful pay for their privileges with the loss of their souls. And in the world of "The Life Styles of the Rich and Famous," in which every profession seems to generate its own Hot 100 roster of top movers and shakers, it often looks that way. The rankings are based on power, not on the quality of product.

Since mainstream filmmakers have been notoriously reluctant to ridicule their own profession, "Wag the Dog" shows a certain nerve in making Stanley Moss such a myopic Hollywood provincial. Instead of a sweeping indictment of politics as show business, the movie ends with a punch line that for all its cleverness has the force of a Hollywood in-joke.

PEOPLE

THE National Society of Film Critics has named "L.A. Confidential" the best film of 1997, the fourth such award for the black comedy, "L.A. Confidential," based on a novel by James Ellroy and directed by Curtis Hanson, has also received the best film designation from the New York Film Critics Circle, the Los Angeles Film Critics Association and the National Board of Review. Hanson also received the director's award from the National Society of Film Critics; Robert Duvall was named best actor for "The Apostle," and Julie Christie won as best actress for "Afterglow."

A British physicist and an Israeli physicist have won the 1998 Wolf Prize in Physics for their work in quantum mechanics. Yakir Aharonov, a professor at the University of South Carolina and Tel Aviv University, and Michael V. Berry, a professor at England's Bristol University, will share the \$100,000 prize, the Jerusalem-based Wolf Foundation announced Monday. The prizes are given annually for outstanding achievements in physics, chemistry, medicine, agriculture, mathematics and the arts.

Frederick Forsyth, the author of the classic thriller "The Day of the Jackal," says he is disappointed by the new film version of his novel. "I think it's very tacky," he said, although he conceded that he had not seen "The Jackal," which stars Bruce Willis and Richard Gere. Forsyth told the Daily Telegraph in London that Fred Zinnemann, who directed the first Jackal film starring Edward Fox, was also enraged at the idea. "This new film isn't a remake, it's entirely different," the author said. "You might just as well make an entirely new film and call it 'High Noon.'"

Babar, the artist Jean de Brunhoff's smartly dressed King of the Elephants, has come to rule in the library of Kent State University in Ohio, the result of a collector's gift. The collection of 3,600 items is "unique

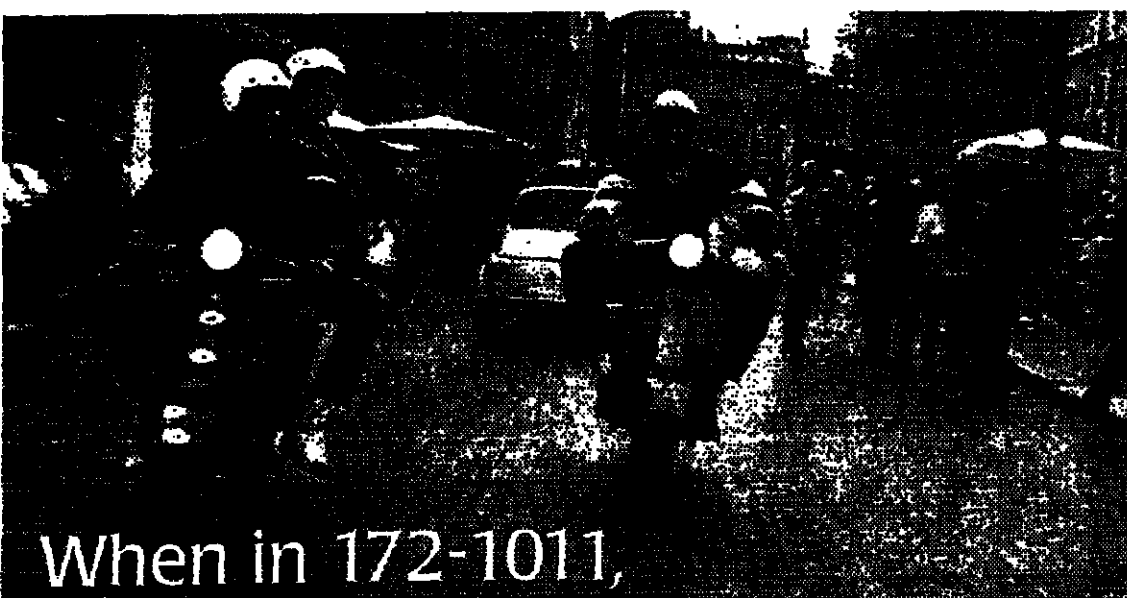


EVEN BORGES NEED LOVE — The actress Jeri Ryan with a Borg during the opening of Star Trek: The Experience, in Las Vegas. The theme park is staffed by people dressed as "Star Trek" characters.

and exceptional," according to Ann Hildebrand, Kent State English professor and Babar scholar. The university estimates it is one of the largest collections of Babar items in the world, valued at \$200,000.

Tom Selleck, the "Magnum P.I." star who appeared more recently on "Friends," is going back to television full time. He'll star in a new CBS sitcom, "The Closer." The actor said he had to ignore a lot of advice urging him to forget television. "Most people in the business told me not to do 'Friends,'" Selleck told TV Guide. "They said, 'It'll look like you're crawling back to TV.'"

A descendant of the Bounty mutineer, Fletcher Christian has sparked another mutiny 200 years later. The islanders, who set up home on the remote Pacific outpost after their mutiny on the high seas, are now launching a cyberspace rebellion. Tom Christian, the great-great-grandson of the mutinous first officer on the Bounty, has enraged his fellow islanders by registering Pitcairn as a domain on the information superhighway. Islanders say the profits should be shared.



When in 172-1011, do as the 172-1011's do.

Every country has its own AT&T Access Number

which makes calling home or to other countries

really easy. Just dial the AT&T Access Number for

the country you're calling from and you'll get the

clearest connections home. Now you can charge

your calls on any of the credit cards shown, as

well as on your AT&T Calling Card. And when you

use AT&T, you can avoid outrageous phone charges

on your hotel bill and save up to 60%.* Check the

list for AT&T Access Numbers.



Steps to follow for easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.

Can't find the Access Number for the country you're calling from? Just ask any operator for AT&T Direct* Service, or visit our Web site at <http://www.att.com/traveler>

It's all within your reach.



AT&T Access Numbers	
EUROPE	
Austria	022-963-4111
Belgium	0-800-106-106
France	0-800-99-0011
Germany	0130-0010
Greece	00-800-1311
Ireland	1-800-550-0000
Italy	02-72-1011
Netherlands	0800-422-9111
Russia	755-5042
Spain	900-99-00-11
Sweden	020-795-611
Switzerland	0800-99-0011
United Kingdom	0500-99-0011
	0800-99-0011
MIDDLE EAST	
Egypt (Cairo)	510-0200
Israel	177-100-2727
Saudi Arabia	1-800-1010
AFRICA	
Chad	0191
South Africa	0-800-99-0123

The Dollar	
USA	1.00
Canada	0.75
UK	0.60
Japan	110.00
France	6.50
Germany	1.60
Italy	1.30
Spain	166.67
Sweden	8.46
Switzerland	1.60
United Kingdom	0.60
	1.60

The Dow	
USA	10000
Canada	10000
UK	10000
Japan	10000
France	10000
Germany	10000
Italy	10000
Spain	10000
Sweden	10000
Switzerland	10000
United Kingdom	10000
	10000

S&P 500	
USA	10000
Canada	10000
UK	10000
Japan	10000
France	10000
Germany	10000
Italy	10000
Spain	10000
Sweden	10000
Switzerland	10000
United Kingdom	10000
	10000